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FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

Sadat delays decision on UN

With less than 48 hours to go before its mandate expires to-morrow, President Sadat of Egypt, in a major speech last night gave no indication if he would allow the UN Sinai buffer force to remain.

Speaking at a party meeting, he said his decision on the Security Council's appeal for consent to a further extension of the mandate would be delayed until he had consulted his National Security Council.

He gave no indication when it would meet, but said the UN force could not possibly stay without Egypt's approval.
Back Page

Smith warning to guerillas

Rhodesia's White farmers were reassured by plans for stepped-up anti-guerilla activities announced by Premier Ian Smith yesterday.

"Our plans for a bigger effort," he told a farmers' meeting, "are well advanced" in the face of the apparent failure of detente which Rhodesia has "leaned over backwards" to make work.
Back Page

Decision day for Minister

The future of Overseas Development Minister Reg Prentice will be decided to-night when he faces the management committee of his constituency Labour Party, of which a sizeable faction seeks to oust him as their member. Another Cabinet member, Mr. John Silkin, Minister for Planning, is facing a demand from his constituency to resign from the Cabinet. Parliament, Page 12

Crossman diary action opens

The most important issue at stake in the Crosman diaries case was the need to reconcile people's right to be informed with the need to protect confidential Cabinet discussions on high matters of State. So said Attorney-General Sam Silkin at the opening of the High Court hearing on publication of the diaries. Page 8

Fanfani out

Italy's Christian Democrat party secretary, Sig. Amintore Fanfani, stepped down last night after losing a vote of confidence. No successor was named. Back Page

Indian walk out

Minutes after the Congress Party, backed by the Communists, approved India's state of emergency yesterday, opposition members walked out of the Upper House in a boycott of the rest of the session. Similar steps are expected to-day in the Lower House. Page 5

Christina weds

Christina, daughter of the late shipping tycoon Aristotle Onassis, yesterda ymarried Alexander Andreas, 32, son of a Greek banker and shipowner. Men and Matters, Page 16.

People, places

Taxpayers' Union launched its first recruiting drive yesterday, hoping to gain 20m. members.

Apologies came from the Duke of Edinburgh yesterday for earlier criticism of the agricultural advisory service as "privileged people who are not prepared to work."

British men are fast becoming the worst-dressed in Europe, says the Clothing Manufacturers' Federation.

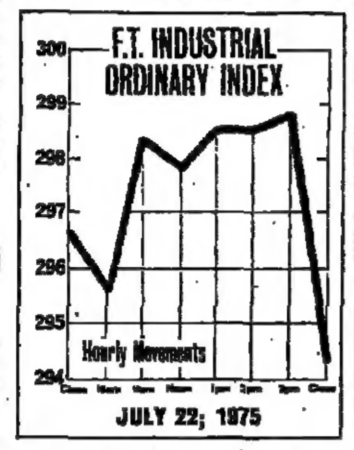
A Dumbarton swimming pool was closed yesterday after vandals threw in more than two tons of soap powder.

BUSINESS

Gilts in reverse on MLR fears

● **LONG-DATED gilts reversed early afternoon gains of up to ¼ into falls of as much as a ¼ on fears of an increase in Minimum Lending Rate on Friday. Shorts, which opened easier on higher U.S. Treasury Bill rates, closed with falls of up to 1¼.**

● **EQUITIES were uncertain on the final day of the Commons debate on anti-inflation plans.**



But as in gilts, sentiment was upset in late trading. Small gains turned to losses, which left the FT 30-share index down 2.3 at 294.3, after having been a net 2.2 higher at 3 p.m.

● **STERLING rose 30 points to $2.1785; its weighted depreciation also improved to 26.3 (26.5) per cent. Dollar's fall widened to 3.87 (3.78) per cent.**

● **GOLD advanced 80 cents to $165.30.**

● **WALL STREET closed down 7.98 at 846.76, after losing 11.42 earlier on inflation fears stemming from the rise in retail prices.**

U.S. retail index rise doubles

● U.S. RETAIL PRICES rose by 0.8 per cent. last month — double the May figure. In the second quarter of this year, prices were rising at an annual rate of 7.1 per cent., compared with 6 per cent. in the first three months. Page 4

● DEVALUATION of Britain's "green pound" by 5 per cent. has been agreed in Brussels.
Back Page

● COFFEE PRICES fell sharply in London yesterday as traders stood aside from the market. The September position ended the day down £140.25 at £714.75 a tonne.
Page 27, Feature on monitoring commodities Page 16

● MONOPOLIES Commission is to investigate the supply of cat and dog foods at the request of the Office of Fair Trading.
Back Page and Page 11

NatWest makes £18m. provision

● NATIONAL WESTMINSTER Bank first-half profits fell almost £33m. to £53.33m. before tax, after heavy special provisions mainly against property loans.
Back Page, Details, Page 19

● BRITISH LEYLAND should receive about £9m. for the sale of two of its three Authi factories to Seat, the Spanish Government-backed car manufacturer.
Back Page

● RANK XEROX hopes to avoid redundancies at its Data Systems subsidiary, in spite of its withdrawal—and that of Xerox Corporation—from the computer mainframe business.
Xerox details Page 20, Rank Organisation results Page 19.

● BRITISH MOTOR manufacturers have shed 33,000 staff; less than deemed necessary by informed observers.
Page 8

Resignation hint by Foot if reserve pay powers introduced

BY JOHN BOURNE, LOBBY EDITOR

MR. Michael Foot, the Employment Secretary, last night indicated that he would resign from his present post if the Government were forced to introduce its promised reserve powers legislation on incomes policy.

Challenged by Mr. Tim Renton, a Conservative MP, on whether the price of Mr. Foot staying in the Cabinet was the non-publication of the controversial draft Bill, Mr. Foot replied: "If such a Bill were introduced, I would certainly be in great difficulties. . . . I would hardly be the proper person to do it."

The Employment Secretary whose wind-up speech to the debate on the anti-inflation White Paper was unusually strained and disjointed, said that such a reserve powers Bill would certainly be a statutory Bill. And he added that he had argued against a statutory wages policy for many years.

But in spite of this shock for the Government, the Conservatives failed to carry their critical amendment to the White Paper, losing it by 269 votes to 327.

Meanwhile the Tories' deep divisions over incomes policy erupted after Mr. Edward Heath, in an impressive speech, unequivocally backed the Government's decision to embark on its new anti-inflation policy.

His speech, made at the end of the two-day debate was enthusiastically cheered by Right-wing and centre Labour MPs—there were cries of "Come back, Ted,"—and by Mr. Heath's supporters on the Conservative benches.

He implied that whatever the Government's deficiencies in the White Paper and its refusal to publish a draft of its Reserve Powers Bill, he was inclined to vote to-night for the second reading of the Government's initial incomes legislation: the Remuneration, Charges and Grants Bill.

Mr. Heath created an immediate stir among Conservatives, some of whom were already privately criticising the "Shadow" Cabinet for tabling early yesterday morning an amendment "declining to give a second reading to a Bill which provides for existing contractural rights of workers to be over-ridden by a White Paper which is not open to Parliamentary amendment."

Some Tories were last night pressing their Whips to persuade Mrs. Margaret Thatcher, the Party leader, not to divide the House on this amendment to-night. The issue is, therefore, likely to be raised at this evening's weekly meeting of the "Shadow" Cabinet by moderate members, who themselves had misgivings about the tabling of the amendment.

However, some Tories want the leadership not only to put a whip on a vote in support of the amendment, but also against the second reading of the Bill itself after the amendment is defeated. Others argue that the Opposition should abstain on the second vote and they defend the amendment on the ground that it censures the Government's failure to produce its draft reserve powers legislation which would specify additional, but unknown, sanctions against employers.

Mr. Heath himself referred to this failure, but made the point that detailed differences between the Conservatives and the Government could be sorted out later.

In what many Left-wing Labour MPs regard as a "typical coalition speech," Mr. Heath attacked those in his own party and in the Labour Party who elevated monetary policies or public ownership to a doctrinal significance of even "Papal infallibility."

He agreed with the Prime Minister that the incomes policy could only function with consent of the whole people, and referring to the enormous energy and enthusiasm shown by many during the Common Market referendum campaign of which he had been the leader, he said: "These people ought to be mobilised in the general battle against inflation."

Parliament, Page 12

Healey aims for £3bn. spending cuts by 1978-79

BY WILLIAM KEEGAN, ECONOMICS CORRESPONDENT

MR. DENIS HEALEY, Chancellor of the Exchequer, is proposing public expenditure reductions totalling up to £3bn. by the fiscal year 1978-79.

This formally emerged during the course of his contribution to the two-day debate on the Government's incomes policy measures, which ended last night.

The expenditure reductions are of potentially greater significance than any one set of Budget measures taken in isolation, but they were disclosed almost in passing, with none of the panoply with which Budget decisions are normally surrounded.

The Healey proposals result from the medium-term review of public expenditure plans which *has recently been conducted by* the Treasury. They are quite separate from the plans for the current 1975-76 fiscal year, to which the Chancellor has made no major policy changes since the publication of the public expenditure White Paper in January.

It had already been announced—in this year's Budget speech—that the Government was planning to lop £900m. (a 1974 survey prices) off the planned volume of public expenditure for the fiscal year 1976-77, which had been projected in the January White Paper (Command 5879) at £35.9bn.

The basic point Mr. Healey was making in this week's debate is that, instead of the planned increases originally envisaged thereafter for the year 1977-78 and 1978-79, public expenditure will be effectively frozen in volume terms.

Thus the projection for 1976-1977, as implied in the Budget, becomes £35bn.

The intention in the subsequent year—1977-78—is to keep the volume of expenditure at around this level, instead of the £36.3bn. forecast in January's White Paper, giving a reduction from planned levels of £1.25bn.

This leaves cuts of up to £1.75bn. to be found from the subsequent year's programmes —1978-79—which in the January White Paper were estimated at £36.9bn.

The desired target would be achieved if, here again, the volume of expenditure was frozen at close to the £35bn. which the Government has been planning on, since the Budget, for the year 1976-77.

Mr. Healey allowed his proposals to emerge during the course of a long speech on the background to the Government's incomes policy proposals. The muted way in which they were announced can be taken as a deliberate attempt on the part *of the Government* to minimise the risk of resignations. As it is, the speech provoked one immediate resignation on Monday night, that of Mr. Robert Hughes, a junior Minister at the Scottish Office.

One of the key implications of *the effective freezing of public* expenditure plans—if intentions are translated into practice—is the scope this should leave for increases in consumer spending. The inference widely drawn from the public spending plans published in January's White Paper was that, as they stood, the plans left little scope for increases in consumption.

BP and Sohio arrange $1.75bn. loan for Alaska pipeline

BY MARGARET REID

A MAJOR long-term financing arrangement to raise a record $1.75bn. (£800m.) towards the $6.725bn. (£2.92bn.) cost of the Trans-Alaska pipeline has been made through a private placing in New York by British Petroleum and its Standard Oil of Ohio (Sohio) associate.

Their borrowing, through 10¼ per cent. notes, due in 1993 and 1998, resulted from an invitation in May through a group of underwriters, headed by New York investment bank Morgan Stanley, to institutions to subscribe for a total of $750m. or more.

So strong was the response that by the end of last week BP and its Sohio partner, in which it will eventually take a controlling interest, had decided to fix the size of the issue at $1.75bn., the highest for any private placing. BP itself is also raising $150m. in New York through a public issue for expenditure outside the sterling area.

In the documents about its business published for the latter issue, BP puts the share of its stake—known to be about a sixth — in the reserves of the North Sea Ninian oilfield at 140m. barrels. This implies total reserves in the field of some 840m., considerably below the 1.2bn. indicated by an earlier BP issue document and some 1bn. suggested in a stockbrokers' study last week.

Some 75 U.S. institutions, including insurance companies and pension funds, are taking up the *$1.75bn. of notes, headed by* Prudential Insurance, which is subscribing for $250m. The loan is being raised through Sohio/BP Trans Alaska Finance, which has now obtained commitments in principle to lend, subject to completion of definitive purchase agreements, probably within the next two months.

The loan is guaranteed by BP and Sohio proportionately to their participations in the pipeline, totalling just over 50 per cent.

Mr. Quentin Morris, BP's group finance co-ordinator, said yesterday that as it had been possible to get the large amount fixed on, it had been decided to go for that now and thus get the bulk of the required pipeline finance arranged in good time.

Sohio/BP has recently raised $500m. by two public debenture issues, while Sohio Pipe Line and BP Pipelines have credit arrangements with the banks for $600m. and $350m. respectively. These, with the new large loan, mean the two partners have raised $3.2bn. of the $3.8bn. they have to put up for their share of the pipeline. Other partners in the venture include Atlantic Richfield and Exxon.

It was disclosed yesterday that BP had started to borrow in the New York commercial paper market (for periods of one-three months normally), where at present there was a 1½-2 per cent. interest advantage compared with bank borrowing.

Men and Matters, Page 15

£ in New York

—	July 22	Previous
Spot	$2.1792-1802	$2.1773-1745
1 month	0.66-0.61 dis	0.66-0.61 dis
3 months	1.67-1.53 dis	1.71-1.66 dis
12 months	6.97-6.85 dis	6.98-6.88 dis

Bank may raise lending rate 1%

BY MICHAEL BLANDEN

A SHARP rise in the Bank of England's minimum lending rate on Friday is thought likely after the Bank yesterday gave a strong signal to the money markets that it wanted an increase in short-term rates.

It was suggested that the Bank could be looking for a jump of up to a full 1 per cent. from the current 10 per cent., mainly as a precautionary measure to protect the external position of sterling.

The move brought a sharp reaction in the gilt-edged market after its recent considerable strength. The short-dated stocks were hit most, ending with losses of up to 1¼. But longs also suffered. After showing gains of up to ½ in early dealings, they ended with losses of up to ½. The Financial Times Government Securities index lost 0.34 to 60.46.

The Bank's action took the form of forcing the discount market to borrow a large amount for a full week at the penal minimum lending rate.

As on the previous day, the market was very short of funds and required exceptionally large *amounts of assistance from the* Bank. But instead of lending overnight the Bank made the market take a large proportion for a full seven days.

It was clear that this was to be interpreted as pressure towards higher rates. The last time the Bank lent for the full week was in late April, and this was followed by the upturn in MLR from 9¾ per cent. to its current 10 per cent. on May 2.

A jump to 11 per cent. now would be an exceptionally sharp rise and a marked reversal of the general trend so far this year, taking MLR back to a level not seen since early February. It could have important implications for the domestic economy, possibly bringing renewed pressure on the building societies and on bank base lending rates —currently at 9½ per cent.—at *a time when the banks are trying* to encourage higher lending to their industrial customers.

The background to the move, however, lies in the recent upward trend in interest rates in other countries, particularly the U.S., where First National City Bank last week raised its prime rate to 7¾ per cent.

There has as a result been a steady narrowing of the differential between rates in London and the U.S., which it is feared could lead to pressure on sterling and even withdrawal of some of the funds held in London by major holders *including* the oil producers.

The pound yesterday gained 30 points at $2.1785, with its average depreciation from December, 1971, levels down to 26.3 per cent., against 26.5 per cent.

Editorial Comment, Page 16

BSC profits turn to £5m. a week loss

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH Steel Corporation made a record £89.3m. taxable profit in the year to March. But this is completely overshadowed by current circumstances which have seen the corporation's losses move up to £5m. a week.

At this rate the BSC will have to pull out all the stops to prevent a £200m. loss in the present financial year and indications so far that the loss is more likely to be between £225m. and £250m.

This would completely wipe out the revenue reserves of £51.3m. and mean that the corporation would have to turn to the Government for more loan capital.

Terry Kirk

Sir Monty Finniston, pictured yesterday, called the situation 'tragic, tragic.'

Steel output has now plummetted to depths not experienced since the 1930s and the corporation's production is running at only 50 to 55 per cent. of capacity. Chairman Sir Monty Finniston said yesterday BSC expects to produce a maximum of 17.5m. tonnes of steel this financial year, compared with 20.8m. tonnes last year and a total capacity of 26m. tonnes.

Because the corporation's assets are "obsolete or obsolescent in the main," it has *to achieve 25m. tonnes a year to* break even, Sir Monty said.

On present estimates, the corporation believes it is unlikely that there will be any upturn in demand before the first quarter of 1976 and probably not until June. The recovery would be a slow one from a very low point, unlike previous recoveries, and it would not "hit us between the eyes."

He described the BSC's current situation as "tragic, tragic. We sweated blood over the past eight years to get this corporation into some reasonable condition and by last year, when results for the eight years were averaged out, we had just about reached a break-even situation. Now we find the money flowing down this terrible drain."

It is in this mood that the corporation's management will *be meeting the steel unions* next Tuesday to discuss ways of making the six-point plan, agreed in May and aimed at cutting £100m. from employment costs, work more effectively.

Sir Monty said last night that either the unions must agree to make the six-point plan more effective "or alternatively people will have to leave the industry voluntarily or leave it another way."

At Tuesday's meeting with the unions the BSC would present details of where there was overmanning. The unions had previously suggested they would arrange voluntary redundancies at these operations.

Asked on BBC2's Newsday programme if this was the time for a confrontation with the unions, Sir Monty declared: "If there has to be a confrontation, now—during the recession—is probably the best time for that confrontation."

The situation also puts more pressure on the Government to give a decision on the remain*ing important areas of* BSC's closure programme — a programme which is an essential part of its rationalisation and modernisation scheme.

Sir Monty maintained yesterday that if the new plant the corporation proposes to put in could be brought into production by 1980 it would add £150m. to profits and drop substantially the level at which it would break even.

After six years of discussion, examination and re-examination, nobody had yet faulted the proposed modernisation plan, he insisted.

Because it was working with *out-of-date equipment*, the corporation could not compete with its world rivals and, now that customers could choose what they bought, the quality of the BSC's steel was "meeting great resistance."

The Government has still to make a decision on the *proposed* Scottish closures and the Port Talbot development. It was hoped that an announcement about at least one of them would be made before the Parliamentary recess.

Details, Page 8. Pay deal, Page 12. Editorial Comment, Page 16

Continued on Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated.)

RISES

BTR	118½	+ 4½
Dowty	99	+ 3
Dreamland	41	+ 3
Dufay Bitumastic	38½	+ 3
Fisons	352	+ 9
Fox's Biscuits	40	+ 4
Greening (N.)	32	+ 6
Hawker Siddeley	254	+ 6
Hawthorn Leslie	31	+ 3
Jones Stroud	50	+ 4
Lyons (J.) 'A'	128	+ 4
NET	54	+ 6
Philips' Lamp	730	+ 18
Racal Electronics	298	+ 5
Tarmac	123	+ 5
Union Discount	330	+ 7
United Biscuits	98	+ 6
Valor	24	+ 3
Anglo American Cpn.	445	+ 15
East Rand Prop.	965	+ 35
Geduld Inv.	410	+ 25
Marievale	330	+ 20
Pancontinental	490	+ 10
Union Cpn.	505	+ 25

FALLS

Treas. 9pc 1978	£94	− 1⅛
Treas. 10½pc 1979	£96½	− 1¼
Bank of Scotland	230	− 10
Bensons Intnl.	165	− 15
Cameron (J. W.)	117	− 7
Courtaulds	105	− 4
Furness Withy	238	− 12
Howard Machinery	37	− 8
Inveresk	49	− 4½
Kwikform	62	− 5
Rank Org. 'A'	137	− 6
Reed Intnl.	211	− 4
Renold	*114	− 5
Taylor Woodrow	280	− 6
Tube Invs.	238	− 6
BP	517	− 5

* Ex-rights.

For latest Share Index 'phone 01-246 8026

LOMBARD

World money—the latent threat

BY C. GORDON TETHER

Thanks to the sobering effect that the Herstatt Bank's failure and its repercussions had on all those involved in the functioning of the Euro-currency market, the international monetary system now gives the impression of having learned to live, more or less happily, with the powerful new forces injected into it by the oil prices explosion.

Yet a little probing beneath the surface quickly reveals that the world money supply continues to expand at an extremely disquieting pace. And as the retiring Governor of Italy's central bank, Dr. Carli, was recently complaining, this is combining with other factors to "internationalise" national money markets to such an extent that domestic monetary policy is coming more and more to take the form of a series of expedients.

Fears that the Herstatt collapse signalled the onset of the great international banking crisis which some Euro-currency market doom-watchers had been predicting for a long time had a salutary effect both on commercial banks which operate in this field and on the central banks which are supposed to be keeping an eye on it. The resulting tightening of procedures and disciplines restored confidence to such an extent that the Bank for International Settlements felt able to say in its recent annual report that the market could now count upon continuing to expand.

Liquidity

Monetary expansion, however, is clearly one of those good things of which one can very easily have too much—particularly at international level. The growth of official monetary reserves and of the amount of money circulating in the Euro-currency market played a major part in precipitating the oil prices explosion in 1973 and materially aggravated its reverberations. And there are no signs of this phenomenon bowing itself off the stage.

To begin with, because the major industrialised countries are obtaining the funds needed to cover their oil deficits by borrowing the oil-producers' surpluses rather than by dipping into their reserves, the oil prices upheaval is giving rise to massive reserves creation. It is thereby leading to the continuation of the spectacular rise in the world stock of liquidity that occurred in the earlier part of the 1970s as a result of U.S. dollar excesses.

Between the end of 1970 and the oil prices explosion 2½ years later, as much additional international liquidity was created as had previously come into being during the whole of history, the reserves stock doubling from $92bn. to $186bn. There was a pause in the final quarter of 1973 and in the first of 1974. But since then the upward movement has been vigorously removed. At the latest count, the world reserves figure was standing some $40bn. higher than a year earlier.

The behaviour of that other major component of the international money supply—the Euro-money stock—tells a similar story. Growth under this heading suffered a bit of a setback at the hands of last year's Herstatt Bank failure. But it wasn't long before it was being vigorously resumed.

Over 1974 as a whole, the net size of the world market increased by some $55bn. to $210bn. and it seems that the rate of expansion has been running not very far short of this level since the opening of the present year. Which means that the net Euro-money total at around $230bn. is now well over double what it was only 2½ years ago.

Inflation boost

The effect that such wholesale creation of international money is apt to have in stoking up the fires of global inflation hardly needs to be emphasised. And that is far from being the only way in which it is exerting a powerful destabilising influence all round. As I mentioned earlier, the Governor of the Italian central bank ringed round another when he spoke recently of the consequences for monetary management at home of his country's "increasing integration into international financial markets."

It was a development, he said, that had completely transformed the environment in which the central bank had to operate, rendering its traditional weapons largely out of date. Monetary policy planning in the old sense of the term had been rendered impossible. Instead, it had become necessary "to be ready at all times to react without delay to the far-reaching changes that were constantly taking place in the business scene." Yet, however skilfully it was implemented, this policy of expediency was itself "bound to introduce a significant element of instability into saving, lending and the financial environment in general."

It goes without saying that the bigger the international monetary monster is allowed to become, the harder it will be to prevent it extending its baleful influence in such fashion. Consequently, international collaboration in this field will have to aim at doing far more than policing the traffic. It will have to find means of curbing its excessive growth.

RACING — BY DOMINIC WIGAN

Tough Streak to-day's best bet

THAT tough sprinter *Streak*, whose most important success came when he comfortably outpaced Rubric in the National Stakes at Sandown, returns to the popular Esher course for to-day's five-furlong Savile Row Handicap.

He has failed to score in five attempts since that notable triumph, but I expect to see this well-made son of Runnymede gain his third course and distance victory.

Streak, whose other victory here came when he defeated the odds-on Hunting Prince by three lengths in a valuable nursery, probably put up his best performance this season in the Temple Stakes at this course's Whitsun meeting.

Always showing prominently, Streak put in a determined late challenge in the Temple Stakes, but he never looked likely to get to Blue Cashmere and failed by a matter of inches to snatch second prize from Paris Review, three lengths behind the Newmarket five-year-old.

Streak, who has since taken third place in Epsom's hotly competitive William Hill Champion Sprint on Coronation Cup day, in which he was again beaten by three lengths and a short head (this time by stable mate Le Vingt-Huit and Silver God), appears to have his easiest task of the season so far and I shall be disappointed if he fails to take Lester Piggott into the winner's enclosure.

The Northern challenger Cave Warrior, whose stable companion Blue Cavalier was a 20-to-1 winner at Windsor's evening meeting on Monday, may follow him home.

Two other possible winners for Piggott, whose King George VI and Queen Elizabeth Diamond mount, Dahlia, was the subject of good support in the offices yesterday, are Irish Legend and Slim Jim, who respectively go for the Milburn Plate and the Petticoat Lane Handicap 35 minutes later.

Irish Legend, far from disgraced when third, beaten 2½ lengths and 1 length by Super Cavalier and Royal Boy in the July Stakes on his last appearance, is a reasonably confident selection to deal with Ginger Knit, an easy winner from Durbar at Kempton eight days ago.

I doubt, however, if Slim Jim will prove capable of giving 4lb. to the course winner *Hurlingham*.

In addition to Sandown, where Irish Legend is his only runner, Henry Cecil is represented at Catterick and Yarmouth.

Heraclius, the mount of that good apprentice Alan Bond should give Cecil the winner of the Yorkshire course's Huddersfield Plate. Home reports suggest that his previously unraced two-year-old *Hill Song* will prove up to making a winning first appearance in the Sturdy Maiden Stakes at Yarmouth.

● The Betting Levy Board said yesterday that it was raising its subsidy of the racehorse transport allowance scheme by £31,500 from August 1 to £493,000 a year. It said that the scheme was designed in part to help racecourses in areas such as Scotland to attract runners from the main training centres.

SANDOWN
2.00—Johnny Turner
2.35—Irish Legend**
3.10—Hurlingham
3.40—Our Nicolas
4.10—Streak***
4.45—Record Token

CATTERICK
2.45—Heraclius*
3.15—Camarina
3.45—Self Satisfied
4.45—Stolen Heart

LANARK
3.30—Yellow Prince
4.00—Matter of Fact
4.30—Tudor Lord

YARMOUTH
2.15—Prince Jay
2.45—Ebony Rock
3.15—Netherkelly
3.45—Short Reign
4.15—Deodar
4.45—Hill Song

SALEROOM — BY ANTONY THORNCROFT

All things Japanese do well

ALL THINGS Japanese, from porcelain to prints by way of netsuke and swords, sold well at Christie's yesterday. There were no outstanding items, but the total of £70,933 underlines the high level of off-take. The top price was the £1,890 paid for a sword of the Goat year (1847).

Another good price was the £1,785 from Woods Wilson for a large Imari circular dish, painted in underglaze blue, iron red and gilt, with a bijin and her two attendants, dating from the late 17th-century. It belonged to the Earl of Radnor. A matching dish sold to Woods Wilson for £1,680, and he also bought a third dish of the same pattern for £1,260.

An Arita blue and white deep bowl and domed cover of about 1700, also from the Earl of Radnor's collection, sold for £1,365, and a pair of Arita blue and white pear-shaped bottle vases were acquired by Woods Wilson for £1,470. They had belonged to Lord Barnard. Prices were on, or above, forecast and there were several Japanese buyers in the saleroom.

There were many minor but no major sales in London yesterday. Christie's also sold English drawings and watercolours for a total of £22,297, with an Archibald Thorburn watercolour of black grouse going for £577, and a similar, of grouse in flight, making £441. A collection of stained glass window and decorative designs, originally from the firm of Heaton, Butler and Payne, sold for a total of £3,342.

Sotheby's in Belgravia disposed of English prints, with a highest price of £660 for a collection of prints about Cambridge. Twenty-one prints after Thomas T. Bury of the Liverpool-Manchester Railway fetched £600, and a set of coloured etchings of the months of the year, after William Hamilton, made £580.

Sotheby's completed its book sale with a grand total of £73,301. A series of 53 letters by Capt. Philip Browne, who served in the War of the Austrian Succession in the mid-18th century, went to Wilcocks for £800. They contain accounts of the battles at Dettingen and Fontenoy. A set of 73 letters from General Sir William Warre, when he was ADC to General Beresford in the Peninsular War were also bought by Wilcocks, for £480.

Some 170 early 18th century letters, relating to the affairs of the Duke of Devonshire, made £420 and letters from artists, including Max Beerbohm, Whistler, Alma-Tadema and Poynter, were bought for £320.

Phillips sold furniture for £31,811, with a top price of £1,450 for a late 18th century Dutch bureau, and at King and Chasemore in Pulborough a painting by Patrick Naysmith of a wooded landscape sold to Royds for £1,250.

The Glendinning medal sale totalled £43,505, with Graham giving £1,950 for a Victoria Cross awarded to Gunner Park for bravery at the Relief of Lucknow in 1857. A small gold Army medal, awarded to Lieut. Col. Conyers at the Battle of Ortes in 1813, was bought by Hayward for £1,700. Robson Lowe sold British Empire stamps for £32,350, with a Nyasaland 2d. of 1907 making £950.

GARDENS TO-DAY

Variegated colour patterns

BY ROBIN LANE FOX

THE MARVELLOUS variety of plants in the better nurserymen's catalogues has hardly been diminished by costs and a crisis, but those of you who never trust them anyway and cannot forgive them for the suckers which appear on their roses will not be surprised at an unfamiliar fact. Often, their most expensive variety of a shrub or herbaceous plant is technically sick. Indeed, there are gardeners who collect these sick varieties and compete for the most unusual sign of sickness. It is not as sinister as it may sound. The sick plants are in fact the variegated varieties, many of which are marked with yellow or white because of a harmless virus.

Fashionable

They have become fashionable, under slogans of all-the-year colour and fun-with-foliage. Once you begin to like them, there is no knowing where you will stop. I began four years ago, unconsciously, I now see, as I look back over the plants I have been choosing since then. Repeatedly, they are marked with white or yellow, wherever there is this alternative to plain, unbroken green.

Variegated leaves are well known as a feature which will brighten a dark or shaded corner. Plants like silver-variegated periwinkle or even the variegated bush Snowberry (which must be pruned hard wherever it tries to revert to plain green) bring a light touch to areas which are otherwise abandoned to Bergenias.

As their leaves are their point of interest they are notable through much of the year. Or so the theory goes, and, so far, it is a sound one. But before you send off for any variegated plant in a list, remember what I have ignored, that variegations vary as much as reds or yellows in their strength, intensity and texture. As I have discovered, they can be horribly misplaced.

Variegation round the border of a leaf seems to my eye to be the most harmonious, and it is worth being fussy in order to be sure of it. The Hollies are a good example. Varieties like Golden King or Golden Queen, the silver-edged Argenteomarginata or Silver Sentinel are quite distinct from those like Golden and Silver Milkboy which have a coloured centre and a dark margin. Maybe you will prefer the latter, as I do in the case of the crinkled leaves of the prickly yellow-leaved Crispa variety, one of the most startling hollies available.

But when planning the colours of your border you must allow for these variegated centres as if they were a bright yellow or white in their own right. The idea that variegation is a light touch or contrast can only be worked out with plants with a silver or yellow edge.

If you think this is extraordinarily fastidious, I wish you could see the awful effect of a group of cream-centred leaves which I have recently introduced into a bed of yellow and white flowers. The catalogue of Bressingham Nurseries, Diss, Norfolk, is an excellent hunting-ground for collectors of unusual variegation, and it lured me into a group of variegated Scrophularia of which I had heard such praise from gardeners with damp gardens.

Spectacular

It is spectacular, of course, and its three-foot stems of cream and white leaves, like some painted nettle's, divert the eye from anything around it. But that, precisely, is their disadvantage and they stand out incongruously as the dominant plant in a border they were meant to complement.

Startled by this, I have shied away to those different patterns which are more easily placed. One is the yellow flush of variegation on some plants' young leaves in springtime, a season when one cannot be too bright: I am never tired of Hosta Fortunei Picta on this account and would recommend it before all Hostas, as long as you realise that it will not show its full leaf-shape or colouring for a year or two after you buy it.

Give it a rich dressing of manure and a damp shaded place, the sort of spot where one wants its colour anyway. Variegation tends to look its best early in the season, especially this season, before a dry spell browns its edges; this Hosta is the brightest and easiest way of enjoying it, even in a dank town garden. Be patient with it at first.

The second pattern is a silver or yellow edging, not too emphatic, on the leaf of an evergreen shrub. I would look no further than the variegated Silver Box if only it grew faster; mine is still not significant after six years, though it has had to move position twice.

Instead, I am trying a variegated Osmanthus, relation of my favourite flowering evergreen, the scented Osmarea which is so handsome in April. The holly-leaved variety of this, Osmanthus Ilicifolius, has a silver-edged form which is worth any effort and expense to obtain. Not very tall or quick-growing, it can be shaped into an elegant bush. Hilliers of Winchester offer it as does the interesting list of Keith Steadman at Wickwar, Wootton-under-edge, Gloucestershire.

Quicker and cheaper would be Bressingham's new variety of the small evergreen Evonymus, well known in its excellent Silver Queen form, but now offered by them in a lighter and brighter brand called Emerald Gaiety. It is not as ghastly as its name suggests, and its habit of turning pink in places during the winter grows on you after a year or two. It is a very bright new shrub.

My third pattern is my favourite, but not so easily found. A leaf of ash green or grey-green marked with white is extremely beautiful and never as hard to place as other variegations: you can find it in a lovely Privet (that is not a contradiction) which tends to be listed as Ligustrum Argenteum, in the Fuchsia called Magellanica Versicolor and in the variegated dogwood, or Cornus, with the longest name in the list.

Without fault

In this combination, a variegation seems to me to be without fault and of far more value than most fashions begun by collectors. It is seldom, I think, due to a botanical sickness, for the causes of variegation are themselves varied and still under study. One would expect a technically healthy plant to be more desirable than a sickened one. Nature is not always so logical, but this elegant matching of pale grey-green and white is certainly one of her by-ways which I am most pleased to place in the garden.

TV/Radio

† Indicates programme in black and white.

BBC 1

10.05 a.m. Hector's House. 10.10 Daktari. 1.30 p.m. Camberwick Green. 1.45 News. 4.23 Regional News (except London). 4.25 Play School. 4.50 Z-Shed. 5.15 Yao, African Prince. 5.40 Sir Prancelot.
5.45 News.
6.00 Nationwide.
†6.55 Wednesday Film: "The Noose Hangs High," starring Bud Abbott and Lou Costello.
8.10 Five Red Herrings.
9.00 News.
9.25 The Royal International Horse Show.
10.40 The Diane Solomon Show.
11.10 The Rough With The Smooth starring Tim Brooke-Taylor and John Junkin.
11.40 Weather/Regional News.

All regions as BBC 1 except at the following times:

Wales—1.30-1.45 p.m. Nant-Y-Pant. 5.15-5.35 Maldwynaldwyn. 5.35-5.45 The Clangers. 6.00-6.55 Wales To-day. 6.55-7.20 Heddiw. 7.20-8.10 Star Trek. †11.40 News of Wales.

Scotland—6.00-6.55 p.m. Reporting Scotland. 11.10-11.40 Breathing Space. †11.40 Scottish News Summary.

Northern Ireland—4.23-4.25 p.m. Northern Ireland News. 6.00-6.55 Scene Around Six. †11.40 Northern Ireland News Headlines.

England—6.00-6.55 p.m. †Look North (from Leeds, Manchester, Newcastle); †Midlands To-day (from Birmingham); †Look East (from Norwich); Points West (from Bristol); †South To-day (from Southampton); †Spotlight South West (from Plymouth).

BBC 2

6.40 a.m. Open University.
10.35 Nai Zindagi Naya Jeevan.
11.00 Play School.
5.00 p.m. Open University.
7.30 Newsday.
7.45 The Master Game.
8.10 The Ascent of Man.
9.00 Die Rote Kapelle.
10.20 Beyond The Boundaries.
11.05 News Extra.
11.35 Closedown: Martin Jarvis reads "Owl," by George Macbeth.

LONDON

†10.50 a.m. "Cargo to Capetown," starring Broderick Crawford and John Ireland. 12.05 p.m. Yoga for Health. 12.30 Yak. 12.40 Mr. Trimble. 1.00 First Report: News, FT index. 1.20 Lunchtime To-day. 1.30 Mr. and Mrs. 2.00 Good Afternoon. 2.25 Racing from Sandown Park. 4.25 Michael Bentine's Potty Time. 4.50 Going A Bundle. 5.20 The Brady Bunch.
5.50 News from ITN.
6.00 A Town Called ... Heathrow.
6.35 Crossroads.
7.00 Don't Ask Me.
7.30 Coronation Street.
8.00 Down The 'gate.
8.30 The Stranger Who Looks Like Me.
10.00 News.
10.30 Once Bitten ... "The Real Risk of Rabies."
11.15 To-day. "The Prentice Affair."
12.00 Personal View.

All ITV regions as London except at the following times:

ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.20 Lassie. 6.00 About Anglia. 8.30 Shaft. 12.00 The Big Question.

ATV MIDLANDS

1.20 p.m. Lunchtime Newsdesk. 5.20 ATV To-day, including Junior Police Five. 6.0 ATV To-day. 8.30 Cartoon Time. 8.35 Cool Million. 12.00 The Gospel in Song.

BORDER

†1.25 p.m. Border News. 2.00 Houseparty. 5.20 Circus. 6.00 Border News and Lookaround. 8.30 Cartoon Time. 8.35 TV Movie: Tenafly. †12.00 Border News Summary.

CHANNEL

1.20 p.m. Channel Lunchtime News and What's On Where. 5.20 Circus. 6.00 Channel News. 6.10 Adventures in Rainbow Country. 8.30 TV Movie: "The Deadly Hunt." 9.50 Vision USA. 12.00 News and Weather in French, followed by Epilogue.

GRAMPIAN

12.00 Orison. 12.15 p.m. Huntsmen. 12.35 Lunchtime Call. 1.20 Grampian News Headlines. 5.20 Out of Town. 6.00 Grampian News. 6.10 Farming News. 6.15 Love American Style. 8.30 Kung Fu. 9.30 Personal View. 12.00 Evening Prayers.

GRANADA

10.30 a.m. Sesame Street. 11.30 20,000 Leagues Under the Sea. †12.10 p.m. Passing Parade. 12.20 Tomfoolery. 1.20 This Is Your Right. 5.15 Gustavus. 5.20 Crossroads. 6.00 Granada Reports. 6.30 Firehouse. 8.30 The Wednesday Film: "Sullivan's Empire." 11.15 The Streets of San Francisco. 12.10 a.m. Inner Space.

HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 1.30 The Galloping Gourmet. 2.00 Houseparty. 5.20 Orbit 5. 5.25 Crossroads. 6.01 Report West. 6.15 Report Wales. 6.30 Mr. and Mrs. 8.30 Two for the Money. 9.55 Gustavus.

HTV Cymru/Wales—As HTV General Service except 1.20-1.25 p.m. Penawdau Newyddion Y Dydd. 4.25-4.35 Miri Mawr. 4.35-4.50 Miri Mwy. 6.01-6.15 Y Dydd. 10.30 Ar Brawf.

HTV West—As HTV General Service except 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

†1.25 p.m. Road and Weather Report. 5.20 Kiri. 5.25 Crossroads. 6.00 Scottish News. 6.05 Isabel on Wednesday. 8.30 Cartoon. 8.30 TV Movie—Cool Million. 10.30 A Place in Europe. 11.00 Late Call. 11.05 At Your Request.

SOUTHERN

11.00 a.m. Yoga for Health. 11.25 Craftsmen of the Dinorwic. 11.40 See It While You Can. 12.05 p.m. Skippy. 12.30 Hammy Hamster's Adventures on the Riverbank. 1.20 Southern News. 2.00 Houseparty. 5.20 Betty Boop. 5.25 Crossroads. 6.00 Day By Day. 8.30 New Who Do You Do? 9.00 Hawaii Five-0. †11.15 The Late Film: "The Sicilians," starring Robert Hutton. 12.25 a.m. Southern News Extra.

TYNE TEES

12.35 p.m. Starting Point. 2.00 Women Only. 5.20 The Woody Woodpecker Show. 6.00 Today at Six. 8.30 "The Falling of Raymond," starring Jane Wyman and Dean Stockwell. 11.15 Kenneth McKellar At Home. 11.45 Late News Extra. 12.00 Teach Us, Good Lord.

ULSTER

1.20 p.m. Ulster News Headlines. 4.23 Ulster News Headlines. 5.20 Inner Space. 6.00 Summer Reports. †8.30 Wednesday Movie: "Blue Murder at St. Trinians," starring Terry-Thomas and Joyce Grenfell.

WESTWARD

11.25 a.m. Yoga for Health. 11.50 Adventures in Rainbow Country. 12.15 p.m. Skippy. 12.30 Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.20 Circus. 6.00 Westward Diary. 8.30 TV Movie: "The Deadly Hunt." 9.50 Vision U.S.A. 12.00 Westward Late News. 12.03 a.m. Faith for Life.

YORKSHIRE

1.20 p.m. Calendar News. 5.20 Out of Town. 6.00 Calendar. 8.30 "The Falling of Raymond," starring Jane Wyman, Dean Stockwell and Dana Andrews. 9.55 Speedy Gonzales. 12.00 Look Ahead.

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Tony Blackburn. 11.00 David Hamilton with The Radio 1 Roadshow, from the Promenade, Weston-super-Mare. 12.30 p.m. Newsbeat. 12.45 Johnnie Walker. 2.02 Ed Stewart (S) also on VHF. 5.00 Newsbeat. 5.15 Anne Nightingale reviews the latest sounds around. 7.00-12.33 a.m. As Radio 2.

RADIO 2

RADIO 3

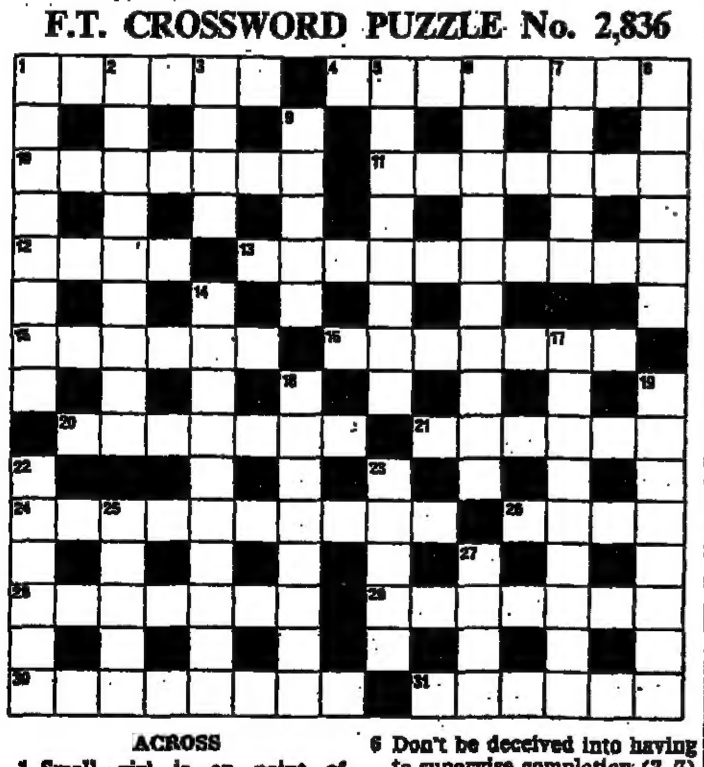
RADIO 4

BBC Radio London

London Broadcasting

Capital Radio

F.T. CROSSWORD PUZZLE No. 2,836



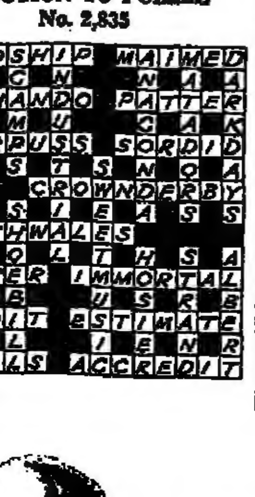
ACROSS

1 Small girl is on point of acquiring bag (6)
4 Go over curve made by missile projector (8)
10 Part of litter for which cat is responsible (4, 3)
11 What can be assumed before a girl (7)
12 Boss has one taken out by cook (4)
13 Europeans depressed by cheese (6, 4)
15 Quarrel at home over refreshment abroad (6)
16 That awful feeling about Rome's disintegration (7)
20 Bored and gone to seed (7)
21 Time and trouble taken with programme (6)
24 Not where it should be unemployed (3, 2, 5)
26 Eager since getting a good beginning (4)
28 Food that is battered and tossed about (7)
29 Passenger from Euston is coming along nicely (2, 5)
30 Scotsman all set to be tragedian (8)
31 Problem for a cafe proprietor? (6)

DOWN

1 Love to vary town rate (8)
2 Expected to be hunted (6, 3)
3 Boot that takes wine (4)
5 Went to put things right (8)
6 Don't be deceived into having to supervise completion (3, 7)
7 Fish taken by rail to invalid (5)
8 No good making Welsh leader come to flower (6)
9 A smile coming across the boat (5)
14 Menu eventually received by cab passenger (4, 2, 4)
17 Waist of time? (4, 5)
18 Bookish Spring study (4, 4)
19 Carter deals joker to doomed person (8)
22 Gun needing two dogs (6)
23 Airman gets free bitter (5)
25 Bracing to go into different century (5)
27 Eyesore concealed by first year student (4)

SOLUTION TO PUZZLE No. 2,835



WORLD TRADE NEWS

REPORT FROM INDIA

Shipment of coal held up by port deficiencies

By Our Own Correspondent

NEW DELHI, July 22.

A SIZEABLE foreign market for coal is being lost by India because of lack of facilities at its ports. Mr. K. S. R. Chari, Government Secretary in the Department of Coal, said there was an immediate demand for 15m. tonnes of Indian coal. Even countries as far away as Brazil had shown interest in importing coal from India, be stated.

Absence of port facilities, however, is preventing shipment of coal. It has been suggested that when the outer harbour of Visakhapatnam Port is completed a coal berth should be provided.

The loading rate at Paradip, in Orissa state, is extremely slow and in any case it does not have a coal loading berth. The revised target date for commissioning of Haldia Port is August next year, but even Haldia has no facilities for handling coal.

The Department of Coal, however, is keen on exploiting the West European market despite these limitations. A contract to export 300,000 tonnes of washed non-coking coal has been settled. It will be executed in phases, and the first shipment of 25,000 tonnes is programmed for October through the Paradip Port. The destination is Antwerp.

The Department is offering non-coking coal for the West European market after cleaning. Arrangements have been made to get the coal washed at the Gidi washery in the central division of the Coal Mining Authority.

India has been trying to tap the West European market in view of the potential demand and the possibility of attractive prices

Record income from engineering exports

BY OUR OWN CORRESPONDENT CALCUTTA, July 22.

INDIA earned a record Rs.3.2bn. (£173m.) from engineering exports in fiscal 1974-75 to March 31, a 28 per cent. excess above the year's target and 65 per cent. higher than in 1973-74.

The 1975-76 target has been fixed at Rs.3.6bn. (£194m.) although the Indian Government and the industry are aware that the current world recession conditions could create serious difficulties.

Engineering goods have been a dynamic sector of Indian export growth, and they now go to practically all parts of the world developed and developing alike.

Highly developed economies such as the U.S. Canada and Common Market countries, including the U.K., have been importing progressively more Indian engineering goods.

East European countries, too, have been buying engineering products from India, but the rate of increase there is much slower compared with the Western purchases.

India exports a wide variety of engineering goods, with consumer durables such as bicycles, motor-car components, small and cutting tools, diesel engines, pumps and compressors and electric fans as the leading group accounting for 40 per cent of the total.

They are followed by capital goods (30-33 per cent.) and steel manufactures such as steel pipes and tubes, wire ropes, sanitary castings and mild steel wire products (20 per cent.).

To boost exports further in line with Fifth Plan targets, which visualise an overseas sale of rupees 6bn. (£324m.) by 1978-79, the Indian Government has just announced a package of incentives which aim to maximise production through a more adequate supply of all essential inputs. It provides greater encouragement to exporters through cash subsidies, liberal credit facilities, more adequate reinsurance cover and better facilities for deferred credit business.

Steel plant offer to Guyana

By Our Own Correspondent

NEW DELHI, July 22.

INDIA HAS offered to set up a mini steel plant on a turnkey basis in Guyana. The offer was made by Mr. Chandrajit Yadav, Minister of Steel and Mines, when Mr. H. D. Hoyte, the Guyana Minister of Economic Development, called on him.

The offer has been accepted in principle, and a formal agreement is to be reached soon. Engineering Project India will undertake the job.

The two ministers also discussed strengthening the International Bauxite Association, of which Guyana and India are leading members.

While the Guyanaian minister is keen on evolving a common price formula for the export of bauxite, India wants to export alumina instead of bauxite, since the latter is more profitable for developing countries. The issue is to be raised at the second meeting of the Association in November.

Guyana has also shown interest in setting up turnkey projects.

Loss foreseen on trade with Sudan

BY OUR OWN CORRESPONDENT NEW DELHI, July 22.

INDIA STANDS to lose over £7.7m. as a result of the reported decision of the Sudan Government to snap its trade ties with this country.

This sum has accumulated with Sudan by way of credit allowed to her under the terms of the Indo-Sudanese bilateral trade agreement for importing tea, jute manufactures, textiles, engineering goods and so on from India. India has not imported cotton, gum arabic, groundnut, sorghum, hides and skins of an equivalent value from the Sudan.

In the pact between the two countries, for the period January, 1973, to August, 1974, the import of goods worth £26.55m. was envisaged from the Sudan, including £15m. of cotton.

Against that, the export of goods from India was put at £23.45m., including tea and jute manufactures each worth £7m.

The entire trade agreement was placed in jeopardy when cotton prices in Sudan more than doubled, and mills in India found it uneconomic to import cotton. Out of a total of 100,000 bales released by the government, only half the quantity was contracted for and of those 49,431 bales have arrived.

Japan in $140m. deal with Egypt to widen Suez Canal

BY MICHAEL TINGAY CAIRO, July 22.

MR. MASHOUR MASHOUR, chairman of the Suez Canal Authority, is expected to leave this week for Tokyo to finalise a $140m. agreement for the widening of the Suez Canal, which reopened on June 5, it was learned here. The Japanese agreement covers the first stage of the Canal widening, aimed at increasing its wet cross section from 1,800 square metres to 2,400 square metres.

When the widening has been completed, the draught will reach 48 feet, enabling 110,000-ton oil tankers to use the waterway fully laden and 200,000-tonners in ballast.

According to sources in the Authority the land on either side of the waterway has been cleared of mines up to 200 metres, and the first earth clearance operations have started.

In an interview with the Financial Times, Mr. Mashour said a total of 763 ships had passed through the Canal between June 5 and July 21, bringing the daily average up to 25 compared with ten ships per day for the first fortnight and 16 per day for the second fortnight.

"We have received tankers, general cargo vessels, bulk carriers, combined carriers, roll-on roll-off vessels and container ships of 51 nationalities since the opening," he stated.

"We expect to receive the first tankers of 110,000 to 150,000 tons in ballast in the next few weeks, following inquiries by the international oil companies."

The Canal tolls have totalled £E5.5m. equivalent in hard currency since the reopening, which observers note is lower than might have been expected. Reliable calculations indicate that 15.5m. tons of shipping has passed through the waterway, which shows the small size of vessels so far.

Canal dues were based on a calculation of a higher number of oil tankers than has appeared during the first six weeks. Mr. Mashour explained that general cargo vessels currently represented 80 per cent of revenue. He was confident that after three to four months loaded tankers would represent 25-30 per cent. of income, ballast tankers 35-40 per cent. and general cargo 35 per cent.

With the first 110,000-ton tanker in ballast expected through shortly, observers note that such a vessel would be rated at 55,000 Suez Canal net tons, and would be liable for a toll of $88,000—hence the vital role of the larger tankers in raising revenues.

Convoys have been growing larger over the past few weeks, the latest southbound one numbring 33 vessels. So far, convoys have moved on alternate days, but the two convoys per day crossing in the Bitter Lakes will begin within two days. If southbound traffic is too heavy then one north-bound convoy will be matched by two south-bound convoys.

Canadian control over foreign investment

BY VICTOR MACKIE OTTAWA, July 22.

THE CANADIAN Government's screening of new investment by foreign-owned businesses will begin on October 15, Mr. Alastair Gillespie, Minister for Industry, has announced. On that date the second part of the Foreign Investment Review Act will go into effect, following by more than a year proclamation of the first part of the Act, which covers take-overs of existing businesses.

Some provincial Governments, particularly Ontario, have argued long and forcefully against proclamation of the second part of the Act, contending that it could harm slow growth regions.

"I want to assure members of parliament that there will be no unnecessary delay in investment programmes important to the development of designated regions of the country through duplication of administrative procedures," Mr. Gillespie stated.

"I should also like to emphasise that the purpose of the Foreign Investment Review Act is not to block investment from any source or to discourage it, but rather to ensure that such investment is of significant benefit to Canada."

The guides issued with the proclamation of the second part of the Act cover new investment or expansion by foreign companies or foreign-owned concerns.

Companies will not come under the scrutiny of the Foreign Investment Review Agency if their business grows. The Agency will only be examining expansion into unrelated fields. An example an Agency official gave would be if General Motors Limited wanted to go into the hotel business.

Mr. Gillespie added that Canada had always had to rely heavily on foreign investment. Clearly that had been beneficial. Canada would continue to need a great deal more investment by friends abroad if she was to develop her full potential. The present Government, he declared, was determined Canada would develop her full potential.

Japan's export-import estimates lowered

BY CHARLES SMITH, FAR EAST EDITOR TOKYO, July 22.

ESTIMATES FOR Japan's imports and exports during fiscal year 1975, ending on March 31, 1976, have been sharply scaled down by the Foreign Trade Council, a mixed body of officials and businessmen attached to the Prime Minister's office.

The Council believes that imports, previously put at Y.72bn. (£112.6m.) will now amount to no more than Y.63bn. (£97.8m.). The export estimate has been reduced from Y.68.3bn. (£106m.) to Y.62bn. (£96.3m.).

Both estimates are on the traditional Japanese customs clearance basis, which includes freight and insurance in the cost of imports and therefore tend to show Japanese foreign trade operating at a deficit. Estimates on the more normal International Monetary Fund basis would show a substantial surplus.

The revised Foreign Trade Council estimates imply that Japanese imports will show a very slight rise (0.6 per cent.) this year over last year, as against the originally forecast increase of around 15 per cent.

Imports in the first half of the calendar year 1975, however, have been running well below a year earlier — by around 7 per cent. to date — so that even the revised Council figure could turn out to be optimistic.

Much will depend, however, on how fast the Japanese economy recovers during the second half of the fiscal year, and how much additional demand is generated for imports.

Japan is considering emergency measures to promote imports, including the provision of special finance for stockpiling of raw materials. The details of these schemes have yet to be agreed between the Ministries of International Trade and Industry and of finance.

Royal Insurance to open full branch in Tokyo

By Charles Smith, Far East Editor

TOKYO, July 22.

ROYAL INSURANCE of the U.K. wil become the first foreign insurance company to open a full branch in Japan for over 25 years following to-day's grant of a licence by the Japanese Ministry of Finance.

The company, which has been negotiating with the Ministry for the past two years, says it plans to set up a network of agencies throughout Japan, controlled through a central office in Tokyo. The company aims to secure about 0.5 per cent. of Japanese non-life insurance business after ten years.

The aim will be to secure domestic Japanese business, and not merely insurance business from the subsidiaries in Japan of other foreign companies.

The Japanese insurance industry has been nominally open to foreign investment for some years, but foreign companies have in practice been encouraged to use Japanese insurers as their agents rather than to operate direct.

Some 35 foreign companies are represented here, most on an agency basis. Their combined share of Japan's domestic insurance business is estimated at something over 2.5 per cent., but the bulk of the foreign insurers' business is with other foreign companies in Japan.

Japan is believed to have come under fairly strong pressure from the OECD to make a reality of liberalisation in the insurance industry—a fact which may have partly accounted for the positive response to the Royal Insurance application.

In addition, the government may feel that domestic insurance groups could benefit from increased competition. Royal has not been specific about the innovations it plans to bring to the Japanese market, but the company says it will be offering package policies with an emphasis on individual requirements.

It also expects to offer specialised services in the fields of loss prevention and engineering insurance.

The Japanese insurance market is the world's second largest, and was registering an annual growth of around 25 per cent. before the 1974 recession. Apart from Royal Insurance, one Korean insurance company is known to have been negotiating with the Ministry of Finance for a branch licence.

Other European and U.S. companies are almost certainly interested in entering the market, but it would seem unlikely that the government is ready to allow an inrush of foreign insurance companies similar to the flood of foreign bank branches into Tokyo in the early 1970s.

Export Contracts

BOVIS is in the latter stages of settling a £5m. contract to refurbish Shepheard's Hotel, Cairo. Work should start in October, and last 3½ years. The hotel will continue to operate during that period. The interior will be entirely reconstructed, and new services installed.

MOLINS will supply R. J. Reynolds, U.S., with cigarette making machines and other equipment worth £3m.

PYE UNICAM has sold spectrophotometres and chromatographs woth £140,000 to the Peimonte, Italy, regional government.

INSTEM, Staffs, will provide a laboratory data-acquisition and management system worth £130,000 to Nestlé, Switzerland.

BADGER, London, will co-ordinate activities for Norsk Hydro, Oslo, in relation to a 300,000 tons-a-year vinyl chloride plant to be built at Rafnes, using B. F. Goodrich Chemical technology.

SIMON-VICARS will manufacture an automatic biscuit-making plant for Molinera Inca, Trujillo, Peru. Over the past three years South American orders on Simon-Vicars total £3.75m.

FEEDBACK INSTRUMENTS, Crowborough(will provide teaching equipment costing £32,000 to the Crown Agents for a new technical training institute at Alexandria, Egypt.

DOWTY BOULTON PAUL will manufacture powered flying control units valued at £200,000 for British Aircraft Corporation, following the Romanian State airline Tarom's order for BAC One-Eleven transport aircraft.

ROPEWAY ENGINEERING (Glover Group) will design and instal a £675,000 jetty conveyor and shiploader for minerals at the port of Sagunto, Valencia, for Sierra Menera, Madrid.

AIRTECH, Aylesbury, will build communications equipment worth £900,000 for the Royal Netherlands Navy.

IN BRIEF

GAF in Ireland

GAF Corporation of the U.S. is to make vinyl floor covering in Ireland at a £15m. plant on a 125-acre site at Mullingar, 50 miles from Dublin. Completion is scheduled for mid-1977. Exports will go to the EEC, Australia, New Zealand and Japan.

ECGD guarantees

ECGD has guaranteed an £8m. Williams and Glyn's Bank loan to Instituto Salvadoreno de Fomento Industrial, El Salvador, to help finance a Fletcher and Stewart, Derby, contract for a sugar processing factory and a £3m. Barclays Bank line of credit with the Romanian Bank for Foreign Trade to finance U.K. contracts for capital goods and services.

AMERICAN NEWS

Sharp retail price rise puts recovery in doubt

BY ADRIAN DICKS WASHINGTON, July 22.

U.S. RETAIL prices rose by 0.8 per cent. last month, sharply reversing the gradual deceleration brought about by the recession since the beginning of this year.

The June performance means that at an annual rate, retail prices during the second quarter were rising by 7.1 per cent., compared to 6 per cent. in the March quarter.

The severity of last month's increase, which sent the stock market sharply downwards this morning, clearly casts some doubt on the Ford Administration's claim to have inflation well in hand at the moment when it is also announcing with increasing confidence that the economy is beginning to emerge from recession.

According to the Bureau of Labour statistics, the June increase in the consumer price increase—double the 0.4 per cent. registered in May—was almost entirely due to dearer food and petrol. The food index rose by 1.5 per cent. during the month, while the price of refined petrol rose by a full 3 per cent.

Excluding food and energy items, the Bureau calculates the increase in prices during the second quarter at only 4 per cent., compared to 9 per cent. during the first.

American consumers, however, are unlikely to be willing to make this calculation, especially with the prospect of further increases in fuel costs if President Ford succeeds in pushing through the main elements of his plan for decontrolling domestically produced crude.

Meat prices, which are the principal component of the overall rise in the food price index, remain at very high levels and are not expected to decline in the immediate future, although prospects of bumper feedgrain harvests this year may encourage higher pork and poultry production.

Meanwhile the Labour Department also reported to-day that average weekly earnings, hard hit by the rise in prices, declined by 0.3 per cent. during May, and now stand 4.3 per cent. below their level a year ago.

Fed moves may mean more prime rate rises

By Jay Palmer

NEW YORK, July 22.

THE U.S. Federal reserve system, in its continuing drive to hold down the growth in money supply (M-1) to targeted levels, appears to have tightened its open money market credit policies yet another notch. In the circumstances, further prime rate rises above the banking industry's current 7½-7¾ per cent. range are predicted in the near future.

Implicit confirmation of the Fed's tougher stand came late yesterday in the form of what one dealer described as "very heavy" sales of Treasury bills. This intervention, which is reported to be continuing at a lesser rate this morning, came when Federal funds were trading at 6⅛ per cent., a level that just a week ago would have prompted buy orders from the Fed.

These latest open market operations came hours after a second large bank, the First National Bank of Chicago, copied First National City Bank of New York in lifting its prime to 7¾ per cent. While these two banks currently remain above the banking industry's average prime of 7½ per cent., most now anticipate a wave of prime rate rises to 7¾ per cent. and possibly even 7⅞ per cent.

Dealers point out that these moves almost certainly signal a rise in the Fed's targeted Federal funds intervention point from 6 per cent. to at least 6¼ per cent. if not 6½ per cent. Federal funds, the uncommitted reserves that banks lend one another, are one of the most closely watched indicators of interest rate trends. Fed sales of T-bills work to drain reserves from the banking system and drive most key short-term rates higher.

While many still suspect that the Fed stance may be a monetary technical reaction to temporary increases in banking reserves (stemming from recent tax rebates), interest rates nevertheless moved sharply higher yesterday and this morning. Treasury bills maturing in 13 and 26 weeks are trading to-day at 6.22 per cent. and 6.60 per cent., up respectively from last week's levels of 6.04 and 6.44 per cent.

One month certificates of deposit were trading this morning at 6.30 per cent. against 6.2 per cent. on Friday while longer dates CD's were also higher. Bond yields rose sharply as well, sending corporate issues lower across the board by up to ½ of a point, while the equity share markets reacted to higher interest rates by moving sharply lower.

Canada 'No to PLO' stops UN conference

By Our Own Correspondent

UNITED NATIONS, July 22.

A UNITED Nations conference on criminology and the treatment of offenders which was scheduled to open in Toronto on September 1 has been postponed indefinitely—in effect, cancelled—because of Canadian objections to the participation of the Palestine Liberation Organisation.

The PLO was entitled to send representatives to the conference because of the UN. General Assembly's standing invitation to the organisation last year to take part in activities under its aegis.

Jewish groups in Toronto were among those who objected to the PLO's participation in the multi - national conference, although it was not certain that the Palestinians would take advantage of the offer to be represented.

Texas oilman's sons are accused of conspiracy

BY ADRIAN DICKS WASHINGTON, July 22.

FRESH INDICTMENTS were returned by a Dallas grand jury last night against two of the sons of the late H. L. Hunt, the almost legendary Texas independent oil magnate, in the latest twist of a tangled story of intrigue and family rivalry over his inheritance.

The two sons, Nelson Bunker Hunt and his brother Herbert, are both extremely rich men in their own right, with extensive interests in oil and other businesses. They are accused of conspiracy and obstruction of justice in connection with an incident in 1970, when two men were arrested and subsequently convicted for wiretapping some of their father's close associates.

The Hunt brothers are accused specifically of trying to bribe the two wiretappers not to testify against them in court, though they have not denied being involved in the case and have already been indicted for complicity. Accused with the brothers are Mr. Percy Foreman, one of the most celebrated criminal trial lawyers in the U.S., and four other men.

Although the real reasons for the wiretapping incident—which the brothers have said they believed to be legal at the time — have never been revealed, several partial explanations have been offered. Herbert Hunt has been quoted as saying that the children of his father's first marriage were concerned that in his old age, the enormously wealthy oilman was being cheated by his staff. Two of the wiretap victims were subsequently prosecuted for embezzlement.

PERON NAMES NEW MINISTER

BUENOS AIRES, July 22.

PRESIDENT Maria Estela Peron to-day named an old guard party man as Economic Minister after a group of Leftists demanded her resignation.

Mrs. Peron appointed Pedro Jose Bonnani, a 69-year-old lawyer, to take the place of her unpopular Economy Minister, Celestino Rodrigo, who was ousted by mounting labour pressure. Mr. Bonnani was Economy Minister under the second Peronist Governments in the 1950s.

UPI

Cuba attacks France

HAVANA, July 21.

CUBA TO-DAY blamed the recent explusion of three of its diplomats from France on an "anti-socialist campaign" by the French Interior Ministry.

A strongly worded Foreign Ministry statement here denied the diplomats were involved in illegal activities in France or were linked with the international guerilla organisation said to be headed by "Carlos."

The French authorities have said the three diplomats expelled on July 10, were linked with "Carlos"—identified by European Police as a Venezuelan named Ilich Ramirez Sanchez—who is wanted in France for the murder of two French security agents and a Lebanese informer in Paris on June 27.

To-day's Foreign Ministry statement said: "Neither the expelled diplomats nor any other Cuban official were involved in the mentioned terrorist activities or linked with terrorist organisations which can act on French territory." Such accusations, it said, were "absolutely false and slanderous."

Reuter

CANADIAN ENERGY RESOURCES

Not looking so rosy

BY JAMES SCOTT, TORONTO CORRESPONDENT

NOT SO LONG ago Canadians felt almost uniquely secure in an industrialised world suffering from the impact of the escalating price of energy. Canada's self-sufficiency appeared assured and was generally taken for granted. Canadians were told that the oil and natural gas fields in Western Canada and the Arctic had sufficient reserves and potential reserves to provide fuel at a reasonable price to satisfy the country's needs for years to come, and that there would be a surplus available to permit huge quantities to be exported to the United States.

Recently, however, reserves of easily accessible, economically recoverable crude oil and natural gas have begun to look much less extensive than was first thought, the Arctic potential is being developed more slowly than expected, and the cost has risen sharply. For a variety of reasons, some geophysical and some political, exploration for new reserves has tailed off, and now Canadians have been told by Energy Minister Mr. Donald MacDonald that the Government intends to ration natural gas use by domestic industry and utilities and cut back exports to the United States, in order to meet a predicted shortage of gas, beginning as early as this winter and lasting through until the time supplies can be developed in frontier areas and brought to market. That won't be until the 1980s at the earliest.

Although the Government has just admitted that a shortage will occur, members of the National Energy Board knew as early as last December that a shortfall in the 1970s could not be avoided, and informed the Government of their findings. Perhaps more important, the December assessments suggest that in the minds of the Energy Board, at least, the speed of completion of a pipeline from the Arctic is of more importance than the cost of the project or the cost of the gas to the consumer, and of more importance than even its environmental and social consequences.

The Energy Board is counting on tapping reserves in the Arctic islands and the Arctic mainland to return Canada to a surplus position by 1983 or 1984. This would require the building of two pipelines, one from the Mackenzie River delta on the coast of the Beaufort Sea, the other from the Arctic islands.

Two consortia are bidding for the right to build the Mackenzie Delta line. Canadian Arctic Gas Pipeline proposes a $7bn. project that would also tap the gas reserves at Pruhdoe Bay in Alaska. Foothills Pipeline proposes a completely Canadian line, at a cost of about $4bn. The board will begin hearings on the two proposals in a couple of months. It has yet to receive a proposal from Pan-Arctic Oils, a consortium of the Federal Government and oil and mining companies, which would build a line from the Arctic islands. The cost of such a line would run into many more billions of dollars.

The coming gas shortage has serious implications for the electrical sector, which has been criticised recently for using natural gas to generate electricity, rather than utilising coal and nuclear installations. Mr. G. M. MacNabb, deputy Minister of the Department of Energy, Mines and Resources, has warned utility companies that their failure to arrange for a 15-year stockpile of fuel for Canada's nuclear reactors will only invite further Government action.

The utilities will be required by the Federal Government to show that they are maintaining enough fuel to enable each operating reactor to be run at 80 per cent. of capacity for at least 15 years. Reactors committed for construction must have a 15-year supply from the date the reactor is scheduled to go into service. There are now 11,770 megawatts of nuclear capacity either being produced or committed for construction. A 15-year fuel supply for these reactors requires 29,500 tons of uranium oxide. While negotiations are proceeding to this end, this condition has not yet been met. Current projections indicate about 18,400 megawatts of nuclear capacity will be operating in Canada by 1985, which means that about 92,000 tons of uranium oxide should be allocated for these reactors. Responsibility for this will be distributed to each mining company according to its uranium resources, relative to the total Canadian recoverable resources from all such companies.

In addition, Atomic Energy of Canada (AECL) is developing new and more efficient fuel systems for the Candu nuclear reactor, not to protect against a possible shortage of uranium, but to buffer itself against periods of high uranium prices. Mr. J. L. Foster, president of AECL, says there is probably enough uranium within reasonable access in Canada to provide all the energy needs of the country, at a not unreasonable cost, for many centuries. However, uranium probably will go through cycles of over-supply and under-supply and prices will rise and drop.

The argument for developing more efficient fuel systems for the Candu is not based on the conservation of uranium, but getting Canada through the high-price cycles. That Canada now is entering a high-price energy cycle is emphasised by the fact that Ontario Hydro, the country's largest electrical utility that serves Canada's industrial heartland, has applied for a record increase of 30 per cent. in its charges, with effect from next January 1. Further increases would be required each year until 1980 to finance the system's $14.1bn. expansion plans during the same period. The cost of bringing these power projects and frontier oil and gas reserves on stream is high by any yardstick. In addition, in the present inflationary environment the cost may turn out to be seriously understated.

> 'The Government has developed a programme to adapt its energy policy to the changed times of high cost resources.'

The implication of all this is that a fairly dramatic shift in the economics of energy development is certain to take place. Although petroleum and gas have tended to dominate total energy consumption in Canada, capital spending requirements have been fairly modest compared to the electrical sector. In 1974 for instance, oil and gas accounted for about 80 per cent. of final energy consumption, while the industry's capital spending was only roughly half that of electrical utilities. Because of the risk factors involved, relatively little in the way of debt financing has been employed by the oil and gas sector, with equity financing and internally generated funds carrying a much more substantial share of the load.

The industry now seems to be on the verge of a radically different situation. Future production and distribution of oil and gas probably will necessitate considerable fixed capital formation, involving demands on financial markets that will almost certainly be augmented by a decreased ability to rely upon retained earnings as a source of investment funds and a less positive climate for direct foreign investment. On the assumption that by 1985 as many as four Athabasca oil sands plants will be operational, that an Arctic gas pipeline will have been completed and that electrical utilities carry out their projected expansions, the total energy investment bill will probably reach the neighbourhood of $100bn for the coming decade. This projection is based on an annual inflation rate of 5 per cent. used by the Economic Council of Canada. Spending by electrical utilities in the decade would represent about half the total, that of gas distribution about 5 per cent., pipelines as much as 15 per cent. and petroleum and gas development about 25 per cent.

Given the continuing uncertainty over the course of international energy policy, the Federal Government has carried out a major assessment of possible rates of development of Canadian energy resources. According to Energy Minister MacDonald, what emerges is that while Canada is rich enough in potential energy resources to continue to supply domestic demands at modest growth rates until at lease the end of the century, this can be accomplished only at greatly increased economic and environmental costs. As a result the Government has developed a five-phase programme designed to adapt its energy policy to the changed times of high cost resources, to involve all Canadians in a national programme of energy conservation, to distribute the benefits of these new initiatives to all individuals, sectors and regions and, it is hoped, to provide a stable energy future and high quality of life for the country.

The question that has yet to be answered is whether exports of Canadian energy resources to the United States will be permitted after the long-term contracts now in force are completed. Critics of the export policy claim that over the long term any acceptance of the principle of sharing shortages among Canadian and American consumers amounts to a continental pooling of energy resources and is a sellout of Canada's independence. They say the present situation points up the hazards of entering into long term export contracts for a diminishing, non-renewable resource and that there really is no such thing as an exportable surplus in a commodity whose supplies are finite.

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Television

Two into one

by CHRIS DUNKLEY

The essential thing to remember about The Big Handshake In The Sky is that it was a television event, created specially for TV in much the same way that the BBC created *It's A Knockout*. This may sound appallingly cynical to some, and there may even be people willing to deny it, claiming that they stayed closely in touch with all the proceedings in space without ever switching the television on.

No doubt this would have been possible by way of radio and newspaper reports; yet the fact remains that the mission would never even have got off the ground but for the presence of the television cameras. The whole thing was a publicity stunt; a very big publicity stunt, admittedly, the biggest the world has ever seen, costing hundreds of millions of roubles and hundreds of millions of dollars. Barnum and Bailey's may still be the greatest show on earth but they have finally been outdone elsewhere—even if the moment of climax was ruined by lack of a Russian prompter.

Yet some people may still believe, as I believed a week ago, that although the publicity angle in the promotion of détente was a primary function of the mission, nevertheless there were numerous other scientific and technical reasons for it as well. Obviously the exchange of apple seeds could easily have taken place by post with a saving of several large fortunes if the only desire had been for the Russians and the Americans to swap fruit, so the symbolic exchanges were just that—symbolic.

But proof of the compatibility of the Russian and American space craft, and the demonstration of their ability to manoeuvre towards each other, join together, and exchange crews safely was surely anything but symbolic; this at least was a totally practical experiment proving the feasibility of a rescue in space at some time in the future, should such a thing ever become necessary. That, it seemed, was to be the great technical triumph of the mission, with the usual catalogue of exotic and esoteric experiments as secondary scientific justification.

On Thursday, however, the very day of the Handshake *itself*, James Burke on BBC1 gave the lie to this when he revealed that although the Americans have two more Apollo space craft in reserve they are unlikely to use them since they will be concentrating on Skylab and the space shuttle in future, and it seems that Congress is none too keen on voting the funds for any more Apollo flights. Burke asked his guest, Michel Aubert of the French Space Agency, whether he thought that the Russians would now become so keen on space co-operation that *they* would donate the $225m. that NASA needs to launch the two remaining Apollo craft.

Aubert reacted to the question with almost as much incredulity as I felt, and at that point it became quite obvious that the whole business of docking, compatibility, and space rescue was sheer pantomime since there was virtually no prospect of Soyuz and Apollo craft ever again being around in space at the same time. Moreover, when the moment came for Soyuz to play the "active" role in a practice docking operation on Saturday (there being no way of knowing who would have to rescue whom in case of real emergency) it turned out that the Russian craft *simply could not do it*, and Apollo had to play the active role again.

So in the end the sole purpose of the mission, as it turned out, was that The Big Handshake In The Sky should take place and, *via television, should be seen to be taking place.*

Maybe the television coverage in Russia and America vindicated the whole thing, but judged from this country it seemed that the cost of the *mission was much higher* than the results could possibly justify. Perhaps the trouble was that whereas *It's A Knockout* was created for television by television men, the Apollo/Soyuz programme was created for television by politicians and scientists.

The two British networks took contrasting attitudes towards the mission: the BBC programmes, thanks mainly to Burke's over enthusiastic attempts to force gallon after gallon into a pint pot, were complicated, confused, intense, and at times almost incomprehensible. ITN's were relaxed to the point of casualness and occasionally, thanks mainly to Reginald Bosanquet, almost flippant. If the delivery and atmosphere of the BBC programmes reminded you of James Cagney in overexcited mood, ITN was more like Dean Martin after a couple of sleeping pills.

Nothing symbolised the differences between them more graphically than the men they chose as guest specialists: more often than not Burke's seemed *to be a man whose surname was* Vucelic. He spoke with a thick accent which sounded to the layman like that of a Russian, but his first name was Mike and it appeared that he was actually a Yugoslav who was something to do with the building of Apollo. ITN on the other hand made frequent use of Geoffrey Perry, physics master from Kettering Grammar School who has somehow developed the *most celebrated amateur* tracking station in the West specialising in the monitoring of Russian missions. Mr. Perry was blunt and good-natured, and you could understand every word he said.

When I switched over to BBC1 on Tuesday Burke was saying at breakneck speed, "And Richard Lindley's at The Cape the third stage rocket has ignited how's the atmosphere over there Richard and we seem to have lost Richard we *have* lost Richard. . . ." But he had a welter of raw material to fall back on, including a 3-D globe with a bit of wire round it representing the Soyuz orbit, an "animated" map, a line to Michael Charlton in Moscow as well as the one to Richard Lindley in Houston, and above all the cutaway scale model of the space craft through which he would habitually crawl, looking for all the world like a bespectacled guinea pig proving its intelligence in one of those mazes which scientist build for them.

When I tuned to ITN on Wednesday evening I was not particularly surprised to find an Air Force doctor giving a dynamic description of the space equivalent of divers' bends, using for his needs a single (non returnable) bottle of soda water.

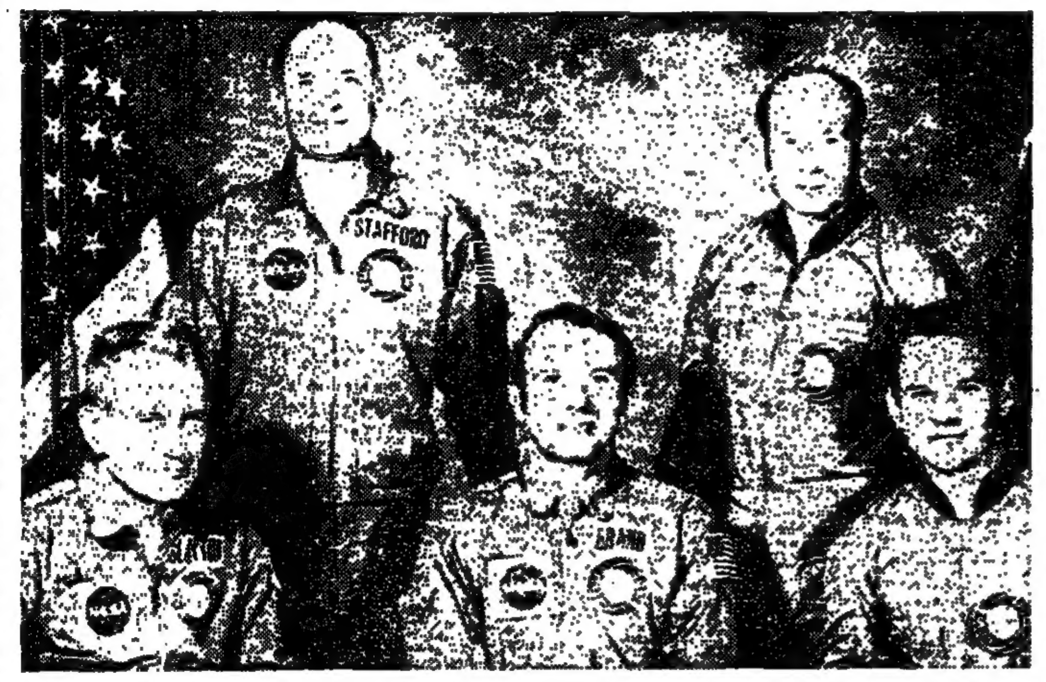
The irony was that I was more willing than anyone else I knew to be enthralled by the Apollo/Soyuz mission. "Eagle" was the first—and only—comic I was allowed to buy and read as a child, and the front page activities of Dan Dare and Digby, not to mention The Mekon, had a *powerful effect*. The first *sputnik* seemed almost beyond belief, Yuri Gagarin was fiction made fact, and later even the numbing ponderousness of that embarrassing phrase about "one small step" was unable to ruin the immense excitement of the first steps on the moon.

I was ready to be just as excited by the first international linking of space craft last week, but between them the politicians, the diplomats, the scientists and the broadcasters ruined it. Before the mission began I would have been willing to bet that both channels would be showing us compilation film histories of man's exploration of space within the first day of the new venture. I would have lost money. Neither the ITN programmes nor the Burke programmes ever put the mission into proper perspective in this way (though Burke did spend a few minutes pinning *rosettes* against film clips at one stage to illustrate the "race" element of the space race).

The children's programme *Newsround* on BBC1 was the only one to do this job in any sort of detail—including *reference to such* historic occasions as Lovell's "doomed" lunar module being used as a life raft through space. Even this, however, was fairly brief and was, anyway, transmitted at a time when few adults could watch.

So in the end the mission was no great shakes even as a publicity stunt. There was a brief *frisson* of exhilaration as that hatch finally opened and, via Apollo's camera, we could see Leonov and Kubasov floating around gently in Soyuz.

Then, at the moment of expected climax (over Amiens? Verdun? Strasbourg? Amsterdam? Definitely not Bognor, anyway) as the world waited, pathos seeped in. Leonov having forgotten his stage directions and not understanding Stafford's urging, we were submitted to the Great Hiatus In The Heaven before we were finally rewarded with The Big Handshake In The Sky. Next time perhaps they will get Isaac Asimov to script the programme and Eddie Waring to front it.



The crew of the joint US/USSR Apollo-Soyuz test project: Slayton, Stafford, Brand, Leonov and Kubasov

Christopher Scoular in 'Tarantara! Tarantara!' which opened last night at the Westminster Theatre

Theatre Royal, Stratford, E.

Look Out, It's Sir

by MICHAEL COVENEY

The atmosphere and reputation of this theatre is fast out-stripping each new show and the latest offering, a feeble schoolroom collision that could be sub-titled "Will Hay meets St. Trinians," runs true to form. Not that the initial idea is unpromising. A flustered master is confronted by three aggressively adult schoolboy incarnations who fit sensibly into the old-style mould of inappropriate, outrageous maturity: one is a dyed-blond pansy, another a wailing Yiddisher greybeard, the third (in the gleeful form of Thick Wilson) a huge, fat dimwit.

A father of one of the lads, newly escaped from prison, involves the academic inmates in the fate of a stolen delivery of ladies' tights, a development that just happens to coincide with the school turning "comprehensive." *By comprehensive is here meant* "of mixed sex," so the stage is suddenly infiltrated by four attractive, mature girls in crimson gym slips and black stockings. The fate of the tights is briefly suspended (in the "nick" of time); and the class sets off for a day by the sea in a bus commanded by a popular *character from the television.*

That character is played by the author, Stephen Lewis, and anyone fortunate enough to have caught one or two episodes of *On The Buses* will not need to *be reminded of the features of* this particular comic performance. Alas, Mr. Lewis is less rounded and controlled in his presentation of the schoolmaster, and the evening falls apart chiefly because of an incredibly *self-indulgent and relentlessly* sustained impression of a man trying to sink a sinking ship.

I am not necessarily asking that a play that sets itself in a modern comprehensive school should deal seriously with problems of contemporary education (although I did wonder, as Mr. Lewis sang "Thirty years of teaching, 30 years of strain. If I had my life to live over, would I do it, still, again" if he'd ever seen or even imagined the problems of teachers in schools today); but it does not seem too *much to ask that a company* plays for its laughs as if not totally sure of getting them.

Delightful Stratford regulars do their turns with ease and assurance. Valerie Walsh gives a *performance* of considerable bare-faced cheek (or so it appeared from the front of the stalls) and Myvanwy Jenn as the schoolmaster's long-lost love in the guise of a lumpen PT mistress blossoms splendidly *when given a swing, romantic* lighting and a few handfuls of confetti. But the songs (by Alan Klein) are poor and I am fast losing patience with this house's perennial insistence that an alternative life to drab reality is to be had in penthouses or even careers with Woolworth's. The director is Victor Spinetti.

Bush

Nobody Knew They Were There

Fan, Piffy, and Lady, in their female geriatric ward, are reduced to a single action, frequently performed, that of visiting the single communal bed-pan. Judging by the vigour with which all three of them leap out of bed, strain and cavort in this single imitation of action, there cannot be very much wrong with them. Hazy too is the kind of ward to which they are confined. *Visitors arrive, affording a convenient* moment for an interval, but otherwise the hospital facilities appear to be primitive. In other wards the beds touch each other, they say with disgust, but this is just what they do in theirs. We can only assume that the single lavatory shared *between* the three of them has a symbolic presence.

Certainly Terence Greer, who wrote the play, does not seem to be making any sociological point about old age; more, I think, his comment seems to be in line with Yeats' feeling, quoted in the programme, that one may think it horrible that "lust and rage, should dance attendance upon my old age" and *that it is only these which "spur* me into song." But Yeats could sing, and Mr. Greer, alas, cannot and so we are left limping and croaking along with his paradigms of these non-perishable attributes.

There are some moments of good cheer, even genuine pathos, *as when Fan describes the action* of her two 65-year-old twins bowing before the bed, that punctuate the rage, and some of the faded lust is quite funny. But the rituals these old women indulge in are all very tired and second-hand by now (for example the "lady" who turns out not to be really a lady, when the roles are reversed in the second part, as in Genet's *The Maids*). And man as "The Naked Ape," with attendant and endless scatological and sexual detail, has really run his course, and is waiting to be clothed again. Still, the acting from Gaye Brown, Yvonne Gilan and Marion Fiddick, is engaging, and Mel Smith directs with devotion.

GARRY O'CONNOR

Maximus Discothèque

Don't Walk About With Nothing On

by MICHAEL COVENEY

This discothèque on Leicester Square is offering "a glass of wine, a roll and a 45-minute play—all for £1" and, wisely, makes no guarantee of production standards. Else angry customers might be compelled to complain after watching this version (translation by Peter Meyer) of Feydeau's short play.

The Entertainment Guide is on Page 9

Ventroux, the town deputy, is consumed with unreasonable jealousy as his wife parades in front of the drawing-room windows in her extravagant hat and underwear. It is very hot. She is tired of being confined to Paris as her husband pursues a futile career.

Ventroux's visitors are an old adversary and a distinguished journalist. In turn, each is embroiled in the ludicrous *escalation of marital* bickering. Ventroux is chided by his wife for sucking the neck of a female, mutual acquaintance. The lady had been stung by a bee and in no time at all, the wife, Clarisse, is dashing about the room *inviting her husband's enemy* to relieve a gnat-bite on her bottom by sinking his teeth therein.

The farce, typically hard-edged and ferocious, receives unsubtle treatment from director John Dalby and his cast, although Rhys McConnochie as Ventroux has some fine moments for glinting rage. The seating arrangement, encircling the action, is not kind to the play and comes close *to destroying* it altogether when bad sight-lines make themselves felt. The cast is completed by Eliza Ward, Christopher Beeching, Glyn Jones and Phillip Reader. No doubt it is good for actors to flex their muscles on the classical repertoire at lunchtime. There was a time, though, when such occasions were synonymous with new writing and darker forces.

Beatles play to close

John, Paul, George, Ringo . . . and Bert, Willy Russell's award-winning play about the Beatles, is to close at the Lyric Theatre *on* August 16 at the end of a year's run in the West End. A national tour is planned for the autumn. The play, which had its European premiere in Bochum, Germany, has also been performed in Austria and will *soon be seen* in Rio de Janeiro, Brazil and Scandinavia.

Edgar Wreford and Sarah Long in 'Iphigenia In Tauris' which opened last night at the Open Space Theatre

Cunard Hotel

The Stylistics

by ANTONY THORNCROFT

On Monday night the infamous Queen Mary Suite at the Cunard Hotel fitfully became a place of Entertainment rather than a home for *lost illusions*. The Stylistics managed to arouse enough interest from the hard boiled audience to genuinely deserve an encore, and the place actually looked successful.

The problems dogging the Cunard's attempt to provide London with a much needed night spot—the small audiences, a moody flung by earlier artist Jerry Lewis, the criticism of its hangar-like room — make each visit something of an adventure. This time the changes involved a re-siting of the stage and a new, improved, lighting system. Both are steps in the right direction.

The show also seemed to be pacier, although support singer Freda Payne sounded too much like an arm twisting sales lady for her past, present, and future records rather than a delightful experience. It was up to the Stylistics to make the evening worthwhile, and it was within their capabilities.

They are five black singers with well blended voices, fronted by a very large man with a very high voice. As he sings of, rather unlikely, love the quartet harmonise and gesticulate. The movements are a dream, with arms floating around like Balinese dancers, bodies intertwining like Busby Berekely babes. It all works because the songs are good, culminating in the *much anticipated* "You make me feel brand new." As the lady who actually got up and danced during the act, yes, danced at the Cunard, shouted, "Come on, you know you've got to sing it some time."

Such signs of life are a novelty at this venue but in the Stylistics the management had at last got round to presenting a popular act with a genuine London demand to see them, unlike the other American imports who can only expect to appeal to the *tourists*. The Stylistics may be all marsh-mellow but they responded to the warmth and brought some much needed stability to the Cunard's stormy passage. All may not yet be lost, especially as the cheapest places have now been halved in price.

Industrial support for Birmingham Symphony Orchestra

Imperial Metal Industries *Ltd. are to sponsor* five concerts by the City of Birmingham Symphony Orchestra when music by young British composers, Nicola Lefanu and Richard Rodney Bennett, will be featured.

The Rt. Hon. Hugh Jenkins, MP, Minister for the Arts, said in London yesterday that he believed a variety of sponsorship should be encouraged and, although London was considered to be the musical capital of the world, the quality should be extended beyond the capital. Mr. Jenkins also said that the programme for the coming season would enhance the already excellent City of Birmingham Symphony Orchestra.

Nicola Lefanu's new Feeney Trust commission, *Columbia Falls*, will be performed in Birmingham Town Hall on November 20 and the Festival Hall on November 21. In the same programme, Paul Tortelier will be the soloist in *Don Quixote* by Richard Strauss, and the conductor will be Louis Fremaux.

Richard Rodney Bennett's *Violin Concerto* (commissioned jointly by the Feeney Trust and West Midlands Arts) will be performed in 1976 in the Town Hall, Birmingham, on March 25, the Festival Hall on March 31 and in Leeds Town Hall on April 24. For all three concerts Ralph Holmes, to whom the work is dedicated, will be the soloist, and the conductor will be Louis Fremaux.

IMI's own Yorkshire Imperial Metals Band will join the CBSO and Chorus in these three concerts for performances of Walton's *Belshazzar's Feast*.

The City of Birmingham Symphony Orchestra — the only British orchestra to carry the prefix "City of" in its title, does in fact give a far greater number of concerts away from the city than at home, although the orchestra does give more *concerts in Birmingham* than any other city. As in previous years, the CBSO will be heard as far north as Newcastle and as far south as Brighton, and additionally, next season, will be giving two concerts as part of the *Scottish National Orchestra*'s 25th anniversary celebrations, and will also take part in the Hallé Thursday Series in Manchester.

As well as the two IMI-sponsored concerts, the CBSO will give six other performances in London, the first of which on September 5 will be an appearance in the Henry Wood Proms.

Musical version of 'The Count of Monte Cristo' by Legrand

Michel Legrand makes his début as composer of his first major legitimate musical production when *The Count of Monte Cristo* opens on September 16 in Brussels at the Théâtre de la Monnaie.

The production, based on the Alexander Dumas classic, will play four weeks in Brussels and then move for a longer engagement to Paris.

Legrand is also working on a French-to-English translation of both book and lyrics to assist in bringing the musical to Broadway late next year.

Arts news in brief

The Schubert Society of Great Britain is to present on behalf of The Little Theatre Club, Upper St. Martins Lane, a gala benefit concert in aid of the Living Theatre for the Disabled at Lancaster Hall, Craven Terrace, W.2, on Sunday next, *July 27, at 8 p.m.*

Those taking part include Judy Duggan and Gwynneth Price (sopranos), Robert King (tenor) and Piero Mattei (baritone), Norman Warwick and Tony Bateman from The Players' Theatre and Jotiya Nittawela and his dancers and drummers from Sri Lanka.

Admission is by programme (£2) obtainable from the secretary, Living Theatre for the *Disabled, c/o The Little Theatre* Club, Empire House, 16/19 Upper St. Martins Lane, London, W.C.2. (Tel.: 01-240 0660).

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The last production to be *presented as the main bill* in the Theatre Upstairs before it is closed for financial reasons, will be a new play by Jeremy Seabrook and Michael O'Neill, *Sex and Kinship in a Savage Society*. It is their fourth play to be presented by the Royal Court.

Set in a Midlands mental institution, it concerns a man in his mid-thirties who is cut off from society by a breach of society's rules, and his attempts to explain himself to his family. The cast includes Tom Bell, Lynn Farleigh, Lucita Lijertwood, Doreen Mantle and Robert Putt. The play is directed by William Alexander and designed by David Short.

Meantime, a new play by Richard Crane, is the last of the season of lunchtime and late-night plays. The cast includes Amanda Rice and Margaretta Scott. The play, directed by the author, opens on July 31 (lunchtime).

*

The winner of the first Stephen Arlen Bursary is Miss Jane Glover who gains an award of £750 for six months' travel in Italy to do research in Italian libraries and compile a glossary to be used in the future performance of Baroque opera.

The presentation will be made by Lord Harewood, managing *director of English National* Operas, at the London Coliseum on Wednesday August 20.

The Stephen Arlen Bursary will be awarded periodically for the development of a person aged between 20 and 30—resident in the U.K. and following a career in any branch of opera, music, drama and ballet. The bursary will be awarded to the person who submits the most imaginative programme of *further study (in the widest* sense of the word).

Miss Glover, aged 26, was selected from 28 applicants.

*

For the second successive year *North West Arts* is bringing to the area Mikron Theatre Company who each summer tour England and Wales by canal giving performances in canal-side pubs. The tour starts on August 6 in Middlewich and proceeds via Macclesfield through the centre of Manchester to Worsley then on into Wigan on August 17.

OVERSEAS NEWS

Smith promises increased action against guerillas

BY TONY HAWKINS

SALISBURY, July 22

RHODESIAN PRIME Minister Ian Smith has hammered another nail into the coffin of detente by announcing to-night that plans for a stepped-up security effort in the guerilla war are "well advanced" and will start coming into force soon.

Opening the annual congress of the Rhodesia National Farmers Union in Bulawayo Mr. Smith spoke of special plans to help farmers in the country's north-eastern areas which have been under attack from guerillas infiltrating from Mozambique.

The Prime Minister—apparently accepting the failure of detente—said that the new security effort had been made "inevitable" because the country's opponents in the "detente exercise" had failed to keep their side of the bargain.

Mr. Smith said that if only one side played according to the rules—and Rhodesia had leant over backwards and taken chances against its better judgment to make detente work—then that side found itself heading for "complete disaster."

Rhodesians had no intention of allowing themselves to be hoodwinked, he said. Once again people were misinterpreting Rhodesia's "reasonableness" for weakness. "They will have to learn the hard way," he warned.

He told his audience that the increased security effort would bring further problems to Rhodesia. The road ahead was going to be tough and could get even more difficult before "we are finally through."

The Prime Minister's comments come at a time when leaders of the African National Council—both inside *and outside the country*—have been making increasingly militant statements.

Earlier this week Bishop Muzorewa, president of the council, spoke in Dar-Es-Salaam of a three-month ultimatum to the Rhodesian government after which time he hinted that Mozambique would join in putting economic and other pressures on Rhodesia.

For some weeks now Rhodesian Government spokesmen have been hinting at tough new security measures to be introduced in a bid to eliminate guerilla infiltrators.

Reuter adds from Lusaka: Kenya has offered Nairobi as the venue for Rhodesian constitutional talks, Kenya's High Commossioner to Zambia said in the *southern Zambian town of* Livingstone to-day. Mr. Ellingtow Mngola said that Kenya had approached Britain with the proposal.

India MPs walk out in censorship protest

NEW DELHI, July 22.

OPPOSITION members of the *Upper House of India's parliament* to-day announced their withdrawal from the House in protest against the way the session was being conducted.

The withdrawal took place only minutes after the ruling Congress Party majority with the support of the Communist Party of India, approved Prime Minister Indira Gandhi's declaration of an emergency last month by 136 votes to 33.

Those voting against included Krishna Kant of the Congress Party against whom action has been taken for violating party discipline.

Mr. W. Goray, leader of the Socialist group, acted as spokesman and read out a joint statement saying that, after a great deal of thought, the opposition had *decided not to attend the* session.

The opposition had hoped business would be conducted with decorum and that it would be allowed to be reported. But all India radio yesterday, and to-day's newspapers, carried only the names of opposition speakers. Home Minister Brahamananda Reddy, who moved the motion on the emergency, was reported fully.

The joint statement said the opposition wished to protest emphatically against this. It had been clearly done in accordance with guidelines issued by the chief censor.

Earlier, in the Lok Sabha (Lower House), Prime Minister Indira Gandhi attacked insinuations against the Government and what she described as a massive whispering campaign as the prime tactics of Fascism.

Speaking in the debate on the declaration of a state of internal emergency a month ago, she said fascism did not mean mere repression or use of excessive force by the police or imprisonment of people.

Above all else it was the falsehood, the whispering campaign and the finding of scapegoats that made it so dangerous, plus its total advocacy of violence. The Hindu Nationalist Jan Sangh Party and its now banned militant wing, the RSS, has used these tactics against the Government for the past four years, she charged.

The Prime Minister's statements were immediately challenged by Mr. H. M. Patel of the Indian People's Party who said that only the Government's point of view was being put before the country.

He said Mrs. Gandhi objected to the whispering campaign and rumours. But nothing else could be expected when there was such complete censorship of the Press. Members of Parliament who spoke in a reasonable manner without contravening the censorship rules were entitled to be reported.

Mr. Patel said there was nothing objectionable in his expressing the view that the emergency was unnecessary. He said it was the failure of the Government to enforce the existing laws which led to the license of the pre-emergency situation.

The debate on the emergency proclamation is expected to continue into to-morrow before a vote is taken. The emergency is certain to be approved

Reuter

OAU discusses Angolan peace-keeping army plan

KAMPALA, July 22

THE ORGANISATION of African Unity (OAU) today discussed sending a peace-keeping army to Angola to restore peace there after months of bitter fighting between liberation movements in which thousands of persons have been reported killed.

Zaire accused Portugal of being responsible for the "chaotic" situation in Angola because of its support for one of the guerrilla groups — the Marxist MPLA.

Angola was one of the most controversial issues facing the annual meeting of the 46-nation OAU and immediately produced heated debate when delegates began discussion on the issue at the plush International Conference Centre here.

OAU secretary-general William Eteki reported to the meeting that the conflict was so bitter between the groups—MPLA, FNLA and Unita—that the guerillas were virtually practising genocide. He urged the OAU to "impose" its presence in the territory which is scheduled to gain independence from Portgual in November.

One of the options the OAU considered to-day during its debate was sending a peacekeeping army—perhaps as many as *10,000 men—to try to keep the* peace. Even if the OAU approved such a move, however, conference sources said it was doubtful the liberatoin movements themselves would allow the force into Angola.

Zaire Foreign Affairs Commissioner Mandungu Bula Nyati at a news conference accused *Lisbon* of being responsible for the conflict because Lisbon continued to supply the MPLA with weapons, in contravention of a pact it signed with Zaire to halt all such weapons supplies to any group.

Agencies

Bantustans deplore 'rehabilitation' centres

BY GRAHAM HATTON

JOHANNESBURG, July 22.

IN A head-on clash with Pretoria, several Bantustan leaders to-day denied all knowledge of the Government's proposed "rehabilitation centres" and expressed their disapproval of them. Their denial came after the Deputy Minister of Bantu Administration, Mr. Punt Janson, had claimed that the centres were being established "with the full knowledge" of the homeland governments to "rehabilitate idlers and loafers into a sense of responsibility."

The regulations provide for the detention-without-trial of Africans suspected of having failed to comply with certain of *the country's influx regulations* ("pass laws"). Detention—for three years—is for "the purpose of improving their physical, mental and moral condition."

Chief Gatsha Buthelezi, head of the Zulu Bantustan commented: "The central government has not informed us. I view the centres with great alarm. I cannot see why pass law offenders should be dumped on our lap."

Professor Hudson Ntsanwisi, chief minister of Gazankulu, said: "I know nothing at all of these centres. To my knowledge, we have not been informed." He added "It is more than a rehabilitation centre. It sounds *more like a prison.*"

Bangladesh Minister goes

By Our Own Correspondent

DACCA, July 22.

BANGLADESH PRESIDENT Sheikh Mujibur Rahman yesterday removed from office the Minister of State for Communication, Mr. Nurul Islam Manzoor, for "grave charges of corruption" against him. This is the first time Minister of State in Bangladesh has been sacked by the President since Sheikh Mujib declared his all out offensive "to wipe out corruption"

Two ther Ministers removed from office since the present cabinet was formed in March 1973 were Mr. Tajoddin Ahmed, one-time Prime Minister of Bangladesh and Mr. Mizanur Rahman Chowdhury, one of the leading organizers of now defunct Awami League. In both cases no charges were made

NZ immigrant curbs proposed

By Dai Hayward

WELLINGTON, July 22.

BRITONS will find it harder to enter New Zealand if the National Party becomes the Government in the November election. Party immigration policy announced to-day will slash immigration from 27,000 to 5,000 a year.

Shadow immigration spokesman Mr. Peter Gordon admitted Britons will be hit hardest by the proposals, *along* with Polynesians.

The National Party says New Zealand can no longer afford high immigration levels. In the past two years new immigrants have cost the country \$NZ650m. for housing, health services and social benefits.

AUSTRALIAN POLITICS

The legacy of the loan-raising affair

BY KEN RANDALL, AUSTRALIA CORRESPONDENT

THE CURIOUS affair of the Australian Government's unsuccessful efforts to raise \$U.S. 4bn. from the unofficial petrodollar market seems, at last, to be losing momentum. The attempt by the *Senate last week* to interrogate the key public servants and law officers involved got nowhere once the Government, predictably, invoked Crown privilege. There is no greater prospect of enlightenment from the Senate's questioning of one of the Government's local contacts in the affair, an Adelaide businessman.

The fact remains, however, that so much mud has been thrown in the past two months of political manoeuvering that some of it is bound to stick.

The Opposition leader, Mr. Malcolm Fraser, has narrowed his charges against the Government to two, which he defines in this way: "The first is that there has been gross incompetence demonstrated by Mr. Whitlam in managing Australia's affairs. The second is that, on the available evidence, there was a deliberate conspiracy to evade the constitution for secret and disturbing political ends."

The second charge is based on the Opposition claim that the loan-raising activities by-passed constitutional procedures between the Australian Federal and State governments for pro*curing loan funds. Most legal* opinion, however, leans to the view that the negotiations never went far enough to establish the point.

One of Australia's most eminent constitutional authorities, Professor Geoffrey Sawer, said of this charge to-day: "On the present record, any judge would have been obliged to *direct the jury to return a* verdict of not guilty, if only because the activities of the Government never got beyond the stage of preparation to the stage when they could be said to have attempted the offence charged. I have a strong suspicion that their (the Opposition's) prosecutors hoped to uncover more substantial grounds for their indictment. If so, they failed." This does, indeed, seem to be the crux of the matter.

The Prime Minister, Mr. Whitlam, has no intention of providing the ammunition to keep the furore going, either through *Parliament or the official inquiry* persistently demanded by the Opposition (and favoured, incidentally, by a sizeable number of prominent Labour Party figures). According to the latest opinion polls, however, the Labour Party would be decimated if an election were held now. Perhaps even more significantly, the polls show a record *low public approval for* Mr. Whitlam of 34 per cent., and a record high of 64 per cent. for Mr. Fraser—more than Mr. Whitlam was able to command at the peak of his popularity. The Prime Minister's image as Labour's outstanding vote-getter has obviously suffered grievously.

At the same time, ironically, Mr. Whitlam's personal position has never been stronger within the Labor Party. There is currently no suggestion of a challenger for the leadership—especially since the Parliamentary Labor Party last week endorsed the dismissal of Dr. Jim *Cairns from* the Cabinet and replaced him as deputy leader and Deputy Prime Minister.

The Whitlam way, as it is now shaping up, will be particularly unpalatable to Labor's Left-wing. As the budget-framing sessions of Cabinet began this week, it was clear that some \$A3bn. would have to be pruned from Ministerial spending estimates *just to keep the deficit down* to the level of the year just ended, \$A2.5bn.

Government spokesmen have left no doubt that the main areas of stringency will have to be those parts of Labor's reform programme upon which it has placed most store—welfare, education and urban and regional development in particular. In general, they will be cut back *to nil growth* rates: in some cases growth will be negative. Already, activist groups like the education lobby are joining the Labor Left in bitter opposition to the proposals.

However, Mr. Whitlam and his new Treasurer, Mr. Bill Hayden, appear to have a comfortable majority of the Cabinet in support of their view that a "responsible" budget is imperative for both economic health and any chance of Labor's survival.

As signalled by his extensive Cabinet reshuffle last month, Mr. Whitlam is moving to a more orthodox, less active "management" style of Government more in line with apparent public expectations. The budget on August 19 will spell out the extent of the change in style, though in some respects it will not be made obvious. In the wake of the loan-raising affair, for example, the Government has become more strident than ever in its declarations of economic nationalism, especially concerning the control of natural resources.

Whether all this will be enough to give the Government any real chance of survival remains problematical. By using his superior numbers in the Senate, Mr. Fraser could force another general election in December or next May, by denying funds to the Government. His predecessor, Mr. Bill Snedden, did this last year and effectively ended his political career by losing.

Mr. Fraser has taken the position since he became leader that while a Government can maintain its majority in the House of Representatives it should continue to govern, barring extraordinary and reprehensible circumstances.

Many of his followers are pressing strongly for an election at the first opportunity, Mr. Snedden among them. The national Country Party partners with the Liberals in the Opposition, are even keener. The judgment, however, is entirely Mr. Fraser's and he may well hold to the view that there should not be another break with convention like last year's (when the very circumstances of the election almost certainly worked to Labour's advantage).

In any event, it is difficult to believe at present that the next election, whenever it is held (possibly as late as May, 1977), will not see Malcolm Fraser installed as Prime Minister of Australia.

AN ADELAIDE businessman, Mr. Girasimos Karidis, one of the intermediaries in the Government's \$U.S.4bn. loan-raising efforts last year, told the Senate to-day that he believed the loan might still be concluded. But Mr. Karidis claimed to have no knowledge of why the negotiations broke down last December or where the proposed funds were to come from.

CANBERRA, July 22.

The first private citizen ever summoned to the bar of the Senate, Mr. Karidis was questioned for more than an hour and a half. He described himself as "the Adelaide connection" in the loan-raising efforts between the Government and London trader-financier Mr. Tirath Khemlani.

EUROPEAN NEWS

Portuguese political crisis deepens as ministers quit

LISBON, July 22.

THREE PORTUGUESE Ministers have handed in their resignations and declined to take part in the Government now being formed, a spokesman for the left-wing Prime Minister, General Vasco Gonçalves, said to-day.

The resignations indicated that the country's military rulers, endeavouring to put together a new transitional Government, would not get the non-partisan support they are seeking.

The most important of the three was the Overseas Minister, Dr. Antonio de Almeida Santos, whose chief task was to dismantle Portugal's colonial empire after the Army coup which toppled 50 years of right-wing dictatorship last year.

The others were the External Trade Minister, Dr. Jose da Silva Lopes, and the Minister for Social Infrastructure and Environment, Colonel Jose Augusto Fernandes.

Reuter

Jane Bergerol adds: Efforts to resolve Portugal's Government crisis hinge to-day on President Cost Gomes' ability to select a new candidate for the Premiership acceptable to both the Armed Forces Movement as a whole and to the four major political parties of the fourth coalition — Socialists, Popular Democrats, Communists and MDP-CDE.

A formula for promoting General Vasco Gonçalves out of the Premiership and into a higher committee on the Supreme Revolutionary Council has now, reportedly, been arrived at. An ultimatum to him from the Council gives him until Thursday to form a fifth Government, and there is little chance that he will be able to produce a full cabinet by then.

Yesterday Dr. Mario Soares, the Socialist Party leader, saw President Cost Gomes and made it clear once again that no Socialist will serve in cabinet under General Gonçalves. Popular Democrats were expecting to be called to the Presidency to give their views on participation in a fifth Government.

Meanwhile the danger of increased violent reaction to the Communist Party continues to grow. Yesterday two more Communist Party offices near Lisbon were attacked by angry mobs. An eye-witness to the mob violence in Alcobaca reported that a young Communist Party supporter who tried to run the gauntlet of the crowd, and escape from the Party office, was beaten unconscious and lay bleeding until an ambulance was called.

Communist Party offices are usually manned round the clock, with supporters sleeping on the premises and all such supporters must now fear for their personal safety. So far 16 Communist offices have been attacked, and only on one occasion have there been arrests, with all the prisoners being released some days later. There is consequently no punitive check operating against mobs and the number of incidents are increasing daily.

Whether Dr. Mario Soares and his Socialist party now modify their virulently anti-Communist line, in an effort to check the ground swell of violent action, remains to be seen. The reaction to the insidious Communist take-over of town councils, civil service posts and nationalised industry and banking, following purges of officials compromised with the Fascist regime, has taken a year to sweep Portugal. It is hoped that with a change of Prime Minister, and a consequent end to such close identification of the Armed Forces Movement with the Communist Party, the wave of anti-Communism will be stopped.

Italy's Opposition strengthens

BY ANTHONY ROBINSON

ROME, July 22.

WHILE ITALY'S ruling Christian Democrat Party has agonised over its political future, a process that resulted in the resignation to-night of its leader, Sig. Amintore Fanfani, its political opponents have gone about consolidating the gains they made at Christian Democrat expense in the country's recent regional elections.

The Communist Party, the Socialist Party and even the minor parties such as the Republicans and the Social Democrats methodically proceeded with an impressive series of regional and local power-sharing agreements that are effectively cutting Christian Democrats out of power in many of Italy's major cities and regions.

Late last night for example Communists, Socialists and one anonymous representative of the minor parties agreed to make Piedmont Italys fifth "red" region to add on to Liguria, agreed last week, and the three pre-existing "red" regions of Emilia Romagna, Tuscany and Umbria.

This is highly significant because in Piedmont the Communists and Socialists together only control a bare majority of 30 seats in the 60-seat regional council while the four parties of the Centre-Left formula have 34 seats. The fact that the Socialists have opted for an alliance with the Communists rather than the Christian Democrats and that one other vote, presumably from the Centre-Left area, has opted for the same solution, are highly significant of the way in which the Christian Democrats post-election paralysis has already affected its power in the country.

Another significant example is the creation of an "open" region in Calabria, in Italy's deep South. The new regional "junta" is composed of Communists, Socialists, Social Democrats, Republicans and the extreme-Left PDUP, leaving the Christian Democrats in opposition.

A similar solution has been worked out in the city of Rome, which did not even vote in these elections but in which the Communist Party has effectively entered into the government of the city for the first time, this time alongside the Christian Democrats, who have agreed to accept the Communist Party's contribution.

Under these circumstances the question which is being asked by delegates and observers at the Christian Democrats' National Council meeting is not when and how Sig. Fanfani is going to be de-throned but for how much longer will the Christian Democrats be able to boast 12.3m. votes and maintain its 30-year political hegemony.

Cyprus ethnic leaders pessimistic about talks

BY OUR OWN CORRESPONDENT

NICOSIA, July 22.

GREEK AND Turkish Cypriot community leaders, Mr. Glafkos Clerides and Mr. Rauf Denktash respectively left separately for Vienna to-day for the third round of talks on the Cyprus conflict but both appeared pessimistic about the prospects for a settlement.

Mr. Clerides, who flew via Athens, said if the Vienna talks, which open on Thursday under the "personal auspicies" of UN Secretary-General Kurt Waldheim, failed to make any headway, the Cyprus Government of Archbishop Makarios would make another approach to the UN General Assembly.

He pointed out that one year after the Turkish invasion of the island, not a single Turkish soldier had left and not a single Cypriot refugee had returned to his home, as called for by previous UN resolutions.

Mr. Clerides said the threat, made on Sunday by the Turkish side, to expel more Greek Cypriots from the North, had now receded, following his meeting yesterday with Mr. Denktash. But the matter would be discussed again in Vienna.

Mr. Denktash, who left for Ankara, said he would be going first to Brussels to-night, for talks with Common Market officials "on relations between Cypris and the European Community." He said he had requested such talks some time ago.

Mr. Denktash added that in Vienna he would inform Dr. Waldheim of his plans to transfer all Turkish Cypriots from the South to the Turkish region.

Helsinki: not a peace treaty

BY MALCOLM RUTHERFORD

THE ALL but final documents of the Conference on Co-operation and Security in Europe (CSCE), which will be signed by heads of government in Helsinki next week, were released by the Foreign Office yesterday and run to some 30,000 words. They will be subject only to minor changes of wording in the next few days.

Western Governments, including the British, are at pains to emphasise that the documents do not amount to a European peace treaty and have no legal force.

Essentially, they lay down a code of behaviour for relations between the 35 participating states—all European states except Albania, but plus the U.S. and Canada.

The documents fall into four main parts or Baskets. Basket 1 lays down ten principles guiding mutual relations and also includes a section on confidence-building measures—the only part of the measures to deal directly with military security. This calls for 21 days' advance notice, on a voluntary basis, of military manoeuvres involving 25,000 men or more in Europe. In the case of the Soviet Union, which has some non-European borders, this will apply only to manoeuvres within 250 kms of a border with Europe.

Basket 2 covers co-operation in the fields of economics, science and technology and the environment. If adhered to, it should provide benefits to the Western businessman in the form of greater and faster information about the workings of the state-trading economies. For example, it calls for more immediate access to economic statistics, foreign trade law and regulations and organisational charts of trading entities. There is also a call for the widest possible harmonisation of standards and technical regulations.

Basket 3 concerns co-operation in the humanitarian field and, as such, is of the most direct interest to the general public. It includes, among other things, provisions for improving working conditions for journalists and for facilitating marriage between different nationalities.

Most Western countries regarded this basket as the test of Soviet intentions. The Russians were asked to allow greater human contacts between East and West in return for some of the principles in Basket 1 which accept existing European borders, subject only to peaceful change.

None of the concessions made in Basket 3 are binding, but the Western view now is that the Russians are on trial again to see the spirit of the sections on freer contacts into effect.

There is a built-in time limit because Basket 4 provides for a further conference, at official level, in 1977 which will review the implementation of the agreements.

Reuter reports from Helsinki: UN Secretary-General Kurt Waldheim will address the brief gala opening of the "summit," the Finnish Foreign Ministry announced.

The *formal* opening will be chaired by Finnish President Urho Kekkonen, and British Prime Minister Harold Wilson will deliver the first speech of the plenary sessions, followed by Greece and Iceland. First-day speeches are limited to 20 minutes.

FLAGS OF CONVENIENCE

The fate of the cargo ship Seagull

BY ANTHONY ROBINSON, ROME CORRESPONDENT

THE LIBERIAN registered cargo ship Seagull of 9,000 tons sank with all hands during a violent storm off the southern coast of Sicily on February 17, 1974, on a voyage from Casablanca to Priopo with a cargo of phosphates. No SOS message was sent and no search and rescue operation organised until more than a week after she became overdue, even though the Seagull should have reached Augusta on February 18.

An investigation by the Liberian Bureau of Maritime Affairs suggested that no SOS was sent because the Seagull capsized suddenly in an area of relatively shallow water, where waves generated by a Force 9-10 gale were "refracted" from the sea bottom to magnify their force at a time when the cargo had in all likelihood shifted. But if these were likely mechanics of the disaster, the report went further to inquire why the Seagull found herself in these waters under these weather conditions, when an alternative route north of Sicily was available at much lower risk.

In answering this question it took into account the fact that Seagull sailed from Casablanca on her last voyage with a crew in which only one member, the French captain Bernard Battude, held a valid licence. The ship had no qualified engineer, navigating officer, or other officer aboard, and a crew made up principally of young and relatively inexperienced men, including 19 Africans. One of the most experienced sailors on board was the radio officer, acting navigation officer, Frane Junakovich, a stateless person of Yugoslav origin with an expired second mate's licence. In the 18 months since he went down with the Seagull his widow, Mrs. Raina Junakovich and his son, Nicola, have been engaged in a tenacious battle not only to obtain justice for their own loss but above all to end the abuse of flags of convenience at a time when the collapse of international freight rates has increased the temptation to exploit their financial advantages.

Up to now a wall of silence and ambiguity has surrounded the flags, and particularly the activities of a minority of ship owners who have exploited the loopholes afforded by flag of convenience legislation to send an estimated 35,000 sailors to sea in ancient, unseaworthy ships which are often under-repaired and over-insured. Mrs. Junakovich is campaigning for tighter international and national legislation to hit this minority of operaters whose activities adversely affect the interests of legitimate shipowners and the major maritime re-insurance groups like Lloyd's of London.

A glance at the Lloyd's annual and quarterly casualty returns gives an indication of the size of the problem. In 1972 flags of convenience accounted for 20.9 per cent. of registered world tonnage, with Liberia the principal flag involved followed by Panama, Honduras, Costa Rica, Lebanon, Cyprus, Somalia, and Singapore. This 20.9 per cent. of world shipping accounted for no less than 37 per cent. of all shipping casualties. In 1967, the worst year of all, flags of convenience accounted for only 15.6 per cent., of world registered tonnage but no less than 44.3 per cent. of world casualties.

> 'The overwhelming majority of casualties are accounted for by a relatively small number of operators sometimes owning only two or three small and ancient vessels.'

Even that is only part of the story. The vast majority of this tonnage is in fact accounted for by the huge fleets of the multi-national oil companies and other large shipping groups which have turned to these flags exclusively for fiscal reasons, and whose fleets consist of efficient modern vessels and whose crews are treated as well, if not better, than those of normally registered fleets. The overwhelming majority of casualties are accounted for by a relatively small number of operators sometimes owning only two or three small and ancient vessels. Such operators, often hidden behind ambiguous "maritime agents" and anonymous holding companies in Switzerland, Liechtenstein, and other tax havens, have turned to the flag of convenience as a short-cut to fortune by employing cut-price, non-unionised, and often untrained crews recruited from the depressed areas of southern Europe or the Third World. Such crews are then embarked on dangerous but highly insured vessels thanks to the complaisance of a few individuals working within some of the principal maritime inspection agencies and who are prepared in many cases to turn a blind eye to a ship's unseaworthy condition.

The five principal inspection agencies are all private companies bound theoretically by a stiff code of ethical conduct. But the costs of keeping a vessel in harbour and the vertiginous increase in the cost of repairs is such that many "pirate ship" owners are more than ready to offer substantial bribes to a small number of individual inspectors who may be susceptible to this kind of temptation, to ensure turning a blind eye to patched-up hulls, engine rooms, and safety equipment. The "pirate ship" owners' willingness to offer bribes is enhanced by the fact that in many cases the vessels concerned, often ancient Liberty Ships and other third and fourth hand ships, fit only for scrap, have their hulls and cargoes heavily insured, a protection which in many cases, like that of the Seagull, is not extended to the crew which sails them.

Taking the specific case of the Seagull as an example, we have a vessel built in 1947, lengthened in 1961, and bought in 1967 by its last owners, Seagull Shipping of Monrovia, represented by Dr. Alfred Kolb of Zurich, and the Societa Agena in Genoa, and her hull and engines insured at time of loss through the Levante Insurance of Genoa for a round lire450m.

The last dry dock and hull surveys were made in November 1970 and the last machinery survey in April, 1971. Since then sporadic technical inspections had been carried out by the Genoa office of the French-based maritime inspection agency, Bureau Veritas. These inspections and subsequent seaworthiness certificates did not prevent a boiler room explosion on the Seagull at Doala on May 31, 1973, which killed the Spanish engineer, Antonio Lago Santa-Maria Nor, according to Mrs. Junakovich's evidence. Nor did it prevent the Seagull sailing on her last voyage with a hole in the the number 1 hold empty. The cement. This was not overlooked, however, when the Seagull took on her cargo of phosphates at Casablanca. In fact, the ship sailed, according to the Liberian Maritime Bureau report, with the number 1 hold empty. The report does not specify why, but Mrs. Junakovich, who sailed with her husband on the last fatal journey but left the ship at Crotone just prior to the disaster, states that sea water in that hold made it impracticable.

Thanks to Mrs. Junakovich's campaign, carried on through the trade unions, the Italian Ministry of Merchant Marine, the support of sailors and maritime people of Genoa and other ports, and of the Press, the two presumed owners of the vessel, Mr. Harry Levinson and Sig. Renato Calafatti, have been in Genoa prison since April 10 under an arrest warrant alleging culpable shipwreck and multiple homicide. This and a suit subsequently brought by Mrs. Junakovich on behalf of the families of the crew has also blocked the insurance payment. Under Italian law the charges cover a maximum sentence of two years' jail, with possibility of a fine, and provision for bail. But the magistrate investigating the case has refused bail because, according to the tax returns and other evidence given by the two men, who claim to be merely the agents of the Liberian-registered Seagull Shipping Company, they own no assets in Italy. According to the magistrate's investigation, however, both men have a sizeable account in the Privat Bank in Zurich into which all payments regarding the vessels nominally looked after by their Genoa office were paid. These include an insurance payment after the sinking off West Africa of another of their four ships, the Seatrader, in 1972, without loss of life.

There is not space in this article to relate the full story of the difficulties attached to Mrs. Junakovich's efforts to obtain information. The "agents" referred to an insurance company, Oceanus Mutual Underwriting Association (Bermuda). She contacted its London managers, John Laing Management (Bermuda), of Lime Street, London, and was sent to its Genoa lawyers, Messrs. Mordiglia. All inquiries received firmly silence, then a ping-pong series of reference back to either the lawyers or the insurance company without result.

This is a classic example of the situation facing the wives and families of crews lost on such ships, many of them from poor or illiterate families in Third World countries, and without access either to lawyers or other professional assistance. It is with this in mind that Mrs. Junakovich has persevered. In a letter of June 17 this year the British Insurance Association informed her that Oceanus was not a member of the Institute of London Underwriters, and that the Association had decided under the circumstances to inform the British Department of Trade whose function it is to supervise insurance affairs.

Clarification of the insurance aspect of flags of convenience affairs is one important aspect of this case. But the other issues at stake are clarification and closer supervision of the maritime inspection agencies, ratification, particularly by Liberia and other flags of convenience countries, of the 1946 International Convention No. 70 for Social Security for Seamen (which has been ratified by only five nations—the U.S., France, Britain, the Netherlands, and Poland, but requires seven signatures to become operative), the consequent adaptation of national legislation (the Italian Ministry of Merchant Marine is introducing legislation to this effect), clarification of the role of maritime agents, and the identity and responsibilities of owners and clear obligations towards the families of crew killed and injured at sea. If these fundamental reforms are pushed through the death of the 30-man crew of Seagull will not have been in vain.

Greek plot 'had pledge of Royalist support'

By Our Own Correspondent

ATHENS, July 22.

ROYALIST support was promised for the coup proposed by a group of 21 Army officers being tried by court martial here on charges of conspiring to commit sedition, a prosecution witness claimed to-day.

Major Nicholas Tsangarakis told the court the pledge was made by retired Colonel Michael Arnaoutis, the personal secretary of deposed King Constantine. In exchange, the witness said, the plotters promised to hold a new referendum on the monarchy.

Major Tsangarakis was one of the 39 Army officers originally arrested last February following the discovery of the alleged plot. He was released during the investigation for lack of evidence.

He told the court to-day that he was approached by three of the defendants, who asked him to take over the telecommunications organisation in Larissa to paralyse communications in Central Greece.

He informed the Greek armed forces leadership and was asked to pretend to go along with the conspiracy. He said retired Major-General Demetrios Ioannides, whose military regime collapsed in the face of the Cyprus crisis last July, was the leader of the plot.

The ultimate aim, Major Tsangarakis said, was to grant amnesty to the leaders of the junta (who go on trial next Monday on high treason charges), to outlaw the Greek Communist Party (legalised by Premier Constantine Karamanlis after being out in the cold for 27 years).

EEC deal on Parliament budget

BY REGINALD DALE, COMMON MARKET CORRESPONDENT

BRUSSELS, July 22

EEC FOREIGN Ministers to-day wound up their last Council meeting before the Community's summer holidays in a low key, without taking any major new policy initiatives. The main concrete achievements of the day's work were the signature of a new treaty providing for a modest increase in the budgetary powers of the European Parliament, and the signing of a commercial co-operation agreement with Sri Lanka.

Inside their council meeting the Ministers showed no apparent inclination to offer a better deal to the three Maghreb countries (Algeria, Morocco and Tunisia), with whom the Community is currently negotiating new trade and aid agreements in the framework of the Nine's "overall" Mediterranean policy. There is now little prospect of agreement being reached with the three countries before the autumn, at the earliest.

M. Jean Sauvagnargues, the French foreign minister, told journalists he regarded Algerian demands as "rather excessive." Algeria views the Community's whole attitude in the negotiations as unsatisfactory, particularly the provisions for future access to the community for Algerian wine and EEC financial aid. Tunisia has been angered by recent Community measures that have disrupted its olive oil exports.

The Ministers agreed to try to co-ordinate the Community's position on raw materials at the special United Nations General Assembly session at the beginning of September. Sig. Mariano Rumor, the Italian Foreign Minister and Council president, will address the Assembly in the name of the Nine on the first day, and the aim is that the EEC Foreign Ministers will meet in New York to co-ordinate their attitudes on the second day of the meeting.

The joint approach will be based on a working paper finally adopted by the Ministers here this evening after a great deal of semantic haggling. The document expresses the Community's willingness to work towards new international schemes to stabilise the export earnings of certain raw material producers, and at the same time to consider various ways of ironing out excessive fluctuations in commodity prices.

The aim is to proceed with both ideas in parallel as a means of ending disagreement among the Nine over which scheme should be given priority.

The new treaty on the powers of the European Parliament formalises last year's agreement giving the Parliament greater control over EEC spending. In addition to setting up the new Court of Auditors, the treaty gives the Parliament the right to reject the Community's budget in its entirety, and marginally increases the Parliament's say in fixing the final allowance to be spent under different budget headings.

Denmark, which had earlier reserved its position, to-day signed the treaty alongside the other eight countries. The Danes had sought assurances that Parliament would not reject the overall budget without putting forward alternative proposals.

Sex war brewing

By Hilary Barnes

COPENHAGEN, July 22.

NOW IT'S the men who are striking for equal pay. About 1,100 of them at the Carlsberg Brewery are on strike in support of their claim for the same wage as their female colleagues.

In new wage contracts concluded this spring the women increased their piece-rate bonus by agreeing to a cut in their work force. The men refused to accept a similar arrangement. Thus the women are able to increase their hourly wage by up to a kroner (8p) more than the men.

And the men receive scant sympathy. Said shop stewardess Tove Pedersen: "We gave up some of our work force, and now with a smaller staff we have to work harder than the men. Of course we want a reward for this. The men have only themselves to blame."

Cash sought for new N-project

BY DAVID CURRY

BRUSSELS, July 22.

THE BRUSSELS Commission is to ask Science Ministers to approve community expenditure of about 353.3m. units of account (about £175m.) between now and 1980 in support of four new research projects.

The largest part (some 265m. units of account) is earmarked for a new nucleur fusion programme, based on the construction of a large experimental rig called the Joint European Torus (JET).

The Commission expects to put the JET project, together with another three smaller schemes, before the Council of Ministers in early November. Herr Guido Brünner, Commissioner in charge of research and education whose proposals for increased expenditure on research work in the Community's own centres have already been mauled by the council—particularly by his economy-conscious fellow-countrymen—said that be had found sustained German interest in the nuclear fusion project and hoped that the money would be forthcoming.

Superficially, the JET project is an attractive one in that it offers the possibility, in the long term, of an independent source of energy within the Community. while the Commission can stress its case by pointing out thar this is one branch of research in which Europe is abreast of both the U.S. and the USSR.

However, while Bonn is believed to be more sympathetic to this project than some other research ventures, it would not surprise observers if the German Government were to point out that this is the sort of thing which should be discussed within the Community's joint approach to energy which so far had failed to move forward.

The site for the installation has not been selected, although sites in Britain (near Oxford), France, Germany and Italy have been put forward.

Other projects unveiled by the Commission include 66.5m. units for biological research, primarily protection against radiation, 18.5m. units for environmental protection work and 3.9m. units for a programme on reference materials and methods.

Malta row over marriage Bill

By Godfrey Grima

MALTA, July 22.

MALTA'S proposals to introduce civil marriage is threatening to strain further the relations between Premier Dom Mintoff's Government and the Catholic Church.

Malta's three bishops said in a statement to-day they were not opposing the introduction of civil marriage providing that it was ascertained that a marriage could not be annulled and that married couples could not re-marry.

However, it is on the grounds of annulment that the controversy rages. The draft

The Cana movement, a popular Church organisation specialising in family problems, claimed in another statement that a divorce obtained abroad would be recognised in Malta if the draft Bill became law.

Spain faces continuing stagnation, says OECD

PARIS, July 22.

SPAIN is headed for a continuing decline in activity this year, although the growth of inflation will tend to decelerate, according to the OECD's annual report on the Spanish economy.

The report, which was released to-day, says that it remains to be seen whether any recovery of economic growth will be seen before the end of the year, mainly due to the official policy of giving priority to combating inflation rather than sustaining growth.

It notes that Spanish Government forecasts predict a rate of growth of GNP in volume terms of about 2.5 per cent. in 1975 compared to the 5 per cent. experienced last year, while it adds that the decrease in GNP growth should be even greater with regard to domestic demand, with the rate of increase dropping to about 1.8 per cent. this year compared to 5.5 per cent in 1974.

On the prices front, the OECD predicts a slowing in the very rapid rate of increase recorded during last year due to higher energy and raw materials costs. Dampening effects might include a decline in the rate of raw material price increases and the weakness of domestic demand.

It notes that Spanish official forecasts place the increase in consumer prices at 12 per cent. this year compared with 18 per cent. in 1974. But it warns that "escalation factors" will persist, particularly the 26 per cent. average annual increase in earnings in 1974, "which is bound to be reflected in prices at the production level."

AP-DJ

Norwegian industry more pessimistic than in spring

BY FAY GJESTER

OSLO, July 22.

NORWEGIAN industrialists are more pessimistic about their companies' outlook than they were in the spring, according to the latest quarterly survey of economic trends produced by the Central Bureau of Statistics.

At end-June only 10 per cent. of the 600 companies questioned believed that their general outlook was better than three months previously. Forty-eight per cent. said prospects were unchanged, and 42 per cent. said they had deteriorated. Three months previously the corresponding figures were 14, 48 and 38 per cent.

According to the bureau the economic downturn during the second quarter has been greater than expected at the end of March, while the recession is expected to deepen during the next three months. A majority of the companies covered by the survey expect a further decrease in orders, particularly on the export side. Most companies expect stable or falling prices.

- June unemployment in Norway, at 11,900, was the highest for this month since the war. Even so, only 0.8 per cent. of the labour force was out of work.
- The Norwegian Government has advised a major smelting company to borrow money abroad so it can finance continued long-term production for stock, until demand picks up again. Elkem-Spigerverket, the metals, manufacturing and engineering group, said it would follow the Government's advice and was now seeking a foreign loan. It would continue producing for stock as long as this was economically justifiable.

If you're not working for the better things in life, what are you working for?

Very few would disagree that the XJ series of Jaguars have always been extremely desirable cars.

And it's not difficult to understand why.

No other car before the XJ's introduction—or since—has managed to offer a comparable combination of luxury, safety, performance and engineering.

Certainly not all in one car. And certainly not at the Jaguar's price.

Which is why a Jaguar's values still hold good. Even in today's difficult times.

While others make compromises, we continue to make Jaguars.

You will be heartened to know that the only changes that Jaguar have made recently are changes which make the Jaguar range even more attractive.

We have recently introduced a new 3.4 litre version of the XJ, in which our development drivers averaged 18-23 mpg. (An extremely competitive figure for any car in the 3-litre class).

Also, in the interests of efficiency, we have recently added the option of fuel injection to the 5.3 litre V12 Coupe.

Apart from these recent improvements, we continue to make Jaguars as we have always done: without compromise. Without short-cuts.

We still bench-test each and every Jaguar engine before it is installed in the car.

We still test-drive each Jaguar *twice*.

(Once to discover if adjustments are needed. The second time to make sure they have been carried out.)

We still paint each car seven times; with the final coat being applied only *after* the second road-test.

We still pay careful attention to rust inhibitors and underbody protection.

We still spend an inordinate amount of time engineering out sound and vibration. "Road noise is eliminated from the Jaguar most effectively, and when matched to the excellent engine damping, the car shapes up as one of the most silent it is possible to buy." (Car Magazine).

We still make our dashboards from hand-matched and hand-selected Belgian walnut.

We still give you and your passengers separate front and rear heating controls and vents.

We continue to add an adjustable steering wheel for your comfort. And an anti-dive system in the front suspension for your safety.

We still give you, as *standard* equipment—water-dispersant tyres; a heated rear window; power-assisted rack-and-pinion steering; a laminated windshield; inertia reel seat belts; and in-built radio speakers, etc., etc., etc.

And instead of just a jack and a prayer, we still give you a comprehensive tool kit, complete to even a tyre gauge.

We continue to do all of this because if we didn't, the cars we build would no longer be Jaguars.

To you. Or to us.

And it would be hard to say who would be more disappointed.

Even the most detailed listing tells you less than you should know.

Not even the most comprehensive listing of all the XJ's features can tell you what it is like to actually own and drive a Jaguar.

Of what it will do for your prestige, your sanity, your soul.

Of how it delivers you to your destination unruffled and untired.

Of how it protects you from the noise and chaos which abounds on the roads today.

The only way to discover this is to *experience* it. Because even the shortest of test-drives comes as a remarkable surprise to those unfamiliar with the Jaguar's qualities of safety, silence and swiftness.

It isn't only the economy that may be in need of an uplift.

You won't need to be told that recently there have been any number of pressures on businesses and businessmen. And any number of arguments why you should hold tight a little. Perhaps even retreat a little.

The trouble with retreat and compromise is that it can be bad for morale.

What you may well need right now is quite the reverse: a boost for your personal confidence, a reminder of your original aims.

And what better tonic than a new Jaguar?

After all, if you're not working for the better things in life, what are you working for?

Jaguar

It's a long way down to second best.

XJ3.4 saloon £4,998.24, XJ4.2 saloon £5,398.38, XJ4.2 coupé £5,777.46, XJ12L saloon (carburettor model, automatic) £6,337.89, XJ5.3 coupé (fuel injection model, automatic) £7,280.51. Prices include VAT and car tax.

HOME NEWS

Car manufacturers have axed 33,000 U.K. jobs in past year

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

THE LEADING British motor manufacturers have cut their workforces by some 33,000 in the U.K. over the last year.

The reduction, about 9 per cent. overall, is rather less than most motor industry economists reckon to be necessary in the present depressed state of the industry.

Nevertheless, the figures indicate a significant acceleration in the rundown of the workforce in the last six months, with about 20,000 jobs coming under the axe in that period, as the economic crisis has forced manufacturers into a series of voluntary redundancy and non-replacement schemes.

British Leyland, by far the biggest employer, has had the biggest reduction. In its world-wide activities it has brought employment down from 211,000 a year ago to 185,000 to-day. Of these, about 6,000 have left the overseas companies and 20,000 the British operations.

The volume car factories, which have been widely reported to be overstaffed by some 30,000 men, have between them lost about 15,000 workers. These have come almost equally from the two Austin Morris complexes based at Birmingham and Cowley.

Linwood

Another 3,000 or so have come from Rover/Triumph operations and the rest from a number of locations. More than half the reduction has been produced by natural wastage rather than enforced redundancy.

Chrysler, hardest-pressed of the British manufacturers, has cut its workforce from 29,500 to 25,500. Its Scottish plant at Linwood, where the Imp and Hunter range are produced, has borne the largest loss—down by 1,560 workers since a year ago. Ryton, where the Avenger is made, has lost 1,080 men.

At Vauxhall the rundown since last year totals almost 5,000, bringing its workforce down from 34,000 to 29,000. The company is trying to cut its staff and indirect workforce by another 2,500 under a voluntary redundancy scheme.

Ford, generally regarded as the most tightly run of the British motor firms, has lost about 4,000 workers since January. The company has been engaged on a big productivity drive, but most of the reduction has come at Dagenham, where the number leaving voluntarily — and thus not qualifying for redundancy pay — during the long door hangers dispute was about 2,000.

Earlier a white collar redundancy programme, designed to get rid of 1,750 staff, reached about 1,300.

British Leyland, now being reorganised on the lines suggested in the Ryder Report, is still losing staff—it was announced yesterday that about 300 white collar workers would lose their jobs in the parts and service organisation.

With anxieties over unemployment building up in the Midlands, where the motor and engineering industries have enjoyed years of good employment, further redundancies will become increasingly difficult to achieve.

Motor-cycle talks called by Varley

By Peter Cartwright, Midlands Correspondent

WHETHER the Government will be willing to make a further massive investment in the motor-cycle industry, as it is being pressed to do by management and unions, should become clearer after a meeting Mr. Eric Varley, Industry Secretary, has called for to-morrow of all sides of the industry.

One of the primary purposes of the meeting will be to discuss the report of the consultants advising the Department of Industry which reached Mr. Varley's desk yesterday.

The report sets out the chief alternatives open to Mr. Varley and assesses their impact on factory closures, investment, exports and on the general operations of the industry.

The meeting is expected to consider these points, and the outcome will help determine the basis of Mr. Varley's promised statement to the Commons on the future of the industry, probably next week.

Norton Villiers Triumph, which recently disclosed a £7.4m. loss in the first 20 months after being set up by the Government to rescue the industry, has been demanding a further Government injection of £40m. to £60m. as the price of putting it in a position to challenge the Japanese.

Sales plunge

It has made it clear that because of the plunge in U.S. sales, it has only been restrained by the Industry Secretary from declaring a three-day working week and possible redundancies at its two factories at Wolverhampton and Birmingham which employ about 3,000. Short time is inevitable after the holidays.

The Confederation of Shipbuilding and Engineering Unions, representing all the unions at NVT, has also called for a further large investment of public funds and the nationalisation of the industry, including the Meriden Motor Cycle Cooperative. This was established in February, with a Government loan of nearly £5m.

The CSEU fears that if NVT collapses it will throw 3,000 employees out of work and another 7,000 at component suppliers, most of them in the Midlands, and already hard hit by the car recession.

Future employment in the industry will be one of the chief points for consideration at to-morrow's meeting. This will be attended by Mr. Denis Poore, chairman of NVT, and other members of the Board and by representatives of the CSEU, Meriden management and by NVT shop stewards.

Mr. Varley is likely to be forcibly reminded that Birmingham workers at the Small Heath factory only agreed to Meriden going ahead on the promise that NVT jobs would not be jeopardised.

Meriden success

Now the unpalatable fact is that Meriden—whose output is being sold by NVT — looks like running into a positive cash flow situation ahead of projections and is taking on labour with the object of making about 500 machines a week with under 600 workers. Output is about 250 machines with 400 workers.

NVT, on the other hand, is still running at a loss, and is stockpiling about 200 machines a week out of the output of some 560 because of the situation in the U.S., where approaching 10,000 machines are unsold. It suffered another blow recently when the Government refused to renew £4m. worth of Export Credit Guarantees.

BATTLE JOINED OVER CROSSMAN DIARIES

Silkin seeks protection for Cabinet secrets

FINANCIAL TIMES REPORTER

THE LEGAL tussle to prevent publication of the late Richard Crossman's diaries opened in the High Court, London, yesterday.

Mr. Sam Silkin, the Attorney General, said that the most important principle in the case was the need to reconcile the right of the public to be informed and the need to protect confidential Cabinet discussions on high matters of State.

The case, which is expected to last at least three more days, is being heard by Lord Widgery, the Lord Chief Justice, and raises important issues about Cabinet secrecy and the 30-year rule for making Cabinet documents public.

The Attorney General is seeking orders in two actions. He wants to stop publication of the Crossman diaries in book-form, under the title "Diaries of a Cabinet Minister," and to stop extracts from the diaries or the book being published by the Sunday Times.

Defendants in the first action are two publishers, Jonathan Cape and Hamish Hamilton, and the late Mr. Crossman's literary executors—his widow, Mrs. Anne Crossman, Mr. Michael Foot, Employment Secretary, and Mr. Graham Greene.

The second action is against Times Newspapers.

Mr. Silkin, leading a team of four Government lawyers, said that what was at issue was whether the courts had the power to give protection where they held that protection was required.

Citizen's right

"Have the courts the power to protect trade secrets of the Boardroom, the confidence of marriage, the correspondence between client and professional adviser, the identities of the victims of blackmail and not the confidential discussions on high matters of State around the Cabinet table between Minister and Minister or Minister and adviser?

"In putting the matter in that way I do not in any sense seek to belittle the importance of the citizen's right to be informed, or the importance of the right of those who seek to inform him to do so frankly and fearlessly—as frankly and fearlessly as those sitting around the Cabinet table should make the great decisions of State.

"These are rights and duties which a democracy must seek to reconcile, and the courts, woven as they are into the fabric of that democracy, should have the power and duty to achieve that reconciliation and, having achieved it, to enforce it."

The defendants' case, however, appeared to be that, except in matters involving national security, the courts were powerless to provide even the minimum degree of protection from disclosure which the courts might hold to be in the public interest.

'Coach and horses'

Mr. Silkin said the Cabinet Secretary had no powers of censorship or veto over what Ministers wrote, but normally he reached agreement with them on what could be published.

Mr. Crossman's decision to reveal what he described as the "secret face of British politics," though, was deliberately intended to change the pre-existing practice with regard to the publication of memoirs.

"Mr. Crossman's intention was to drive a coach and horses through the existing practices by ignoring them rather than by seeking to use his powerful influence to have them changed," said the Attorney General.

Mr. Silkin said two orders were sought against Times Newspapers: an injunction to restrain them from publishing parts of the Crossman book, and a similar injunction relating to any account Mr. Crossman kept in his diaries, or any other material, which recorded or revealed details of the discussions or communications or papers falling within three classes, without supplying a copy of the material to the Secretary of the Cabinet 14 days before the proposed publication.

Great work

The three classes were: 1—detailed discussions in Cabinet or Cabinet committee, records of those discussions, and papers provided for or arising out of those discussions; 2—detailed discussions or communications between Ministers, and between Ministers and advisers, concerning the development or formulation of policies and their execution; 3—detailed discussions and communications between Ministers and their advisers, and between persons responsible for the appointment and transfer of members of the public service, concerning the appointment or transfer of senior members of the public service and their fitness for positions of responsibility.

All these matters, said Mr. Silkin, were a material part of the book and the diaries.

The questions that arose from them were: how wide were those classes which were entitled to protection and how long should the protection last?

Mr. Crossman had described himself in the introduction to his first volume as "a lifelong political scientist," said Mr. Silkin.

As Mrs. Crossman, in her sworn statement had said, Mr. Crossman had an ambition to write a "great work" on the British Constitution and, with that in mind, had begun in 1950 to write a political diary.

According to Mrs. Crossman, her husband had said to her he would publish his diaries and fill a gap in people's knowledge of public life.

"My diaries will simply give a picture of how a Cabinet Minister organises his life, what his relations are with his department, how he organises his meetings or how his meetings are organised for him, what he does with his day, how his day is divided up, how much time he spends in his office, how much in Cabinet," he told her.

The Attorney General said: "He wanted the material to be available to contemporary historians while it was still relevant and instructive.

"You may feel there is a clear dilemma," he told Lord Widgery.

"There are those who say material of this kind should not be published until it is of historical interest or until those persons referred to are no longer part of the political scene. There are others who support Mr. Crossman's views."

"It is true that many politicians, including many former ministers, have published memoirs and, apart from assisting history to know what went on, it is well-known that they may be a source of substantial financial profit," said Mr. Silkin.

Barrier grant raised 10%

LONDON ratepayers will be cushioned against a rise in the cost of the Thames barrier by a 10 per cent. increase in Government grant, it was disclosed yesterday by the Greater London Council's public services committee.

Greening accepts Johnson and Firth Brown offer

BY RHYS DAVID

JOHNSON and Firth Brown, the Sheffield-based steel products concern which has been trying to win control of N. Greening, wire producers in Warrington, for the last three months, has secured the agreement of the Greening Board for its latest revised offer.

The new offer, announced yesterday, values Greening Ordinary shares at 33.3p a share against the revised offer of 28p last month, and puts a total value on the Ordinary shares of £7.65m. Greening shares closed up 6p at 32p yesterday and JFB shares up 1p at 42p.

The agreement, which comes after the announcement that the EEC Commission would not raise any objection to the acquisition, also means that another part of JFB's strategy for development has fallen into place.

The group, which was put together through a merger in 1973 between Johnson and Nephew, a Manchester-based wire producer, and Thos. Firth and John Brown, the Sheffield steel concern, has been building up stakes in companies with related activities and has assumed a key role in the rationalisation which has been taking place in the independent steel sector.

The purchase of Greening, which last year had a turnover of £10m., fits into this pattern giving JFB—already important in wire through Johnson and Nephew—a wider spread of wire products and further representation downstream in this sector.

The improvement which JFB has been obliged to make to its initial offer comes after Greening's announcement after the first bid of a big increase in profits this year.

Profits last year at £919,000 were only £1,000 up on the figure in 1965 and £300,000 less than in 1970 and 1971, but this year results to March 31, published in June, showed a 73.6 per cent. jump to £1.62m., making it possible for the company to increase its dividend and reject the JFB offer as "totally inadequate and unacceptable."

The Greening Board claimed that there was no industrial logic behind the bid which would mean joining a company with high borrowings and considerable exposure to the steel industry's cycles.

JFB received acceptances for about 14 per cent. of the Ordinary share capital, roughly equivalent to the group's pre-bid stake in Greening.

The terms of the new offer in detail are 313 £1 JFB cumulative convertible preference shares plus £20 in cash for every 1,000 Ordinary shares of 25p each in Greening.

The JFB convertible preference shares will carry a dividend of 11.05 per cent. net (17 per cent. gross) and will be convertible on December 31 in the years 1977-85 at a rate of 220 JFB Ordinary shares for every 100 JFB convertible preference shares, giving a conversion price of 45.45p per JFB Ordinary share compared with the current market price of 42p.

The earlier bid last month was three JFB shares for every five Greening Ordinary shares and valued Greening at £6.8m.

Redundancy warning by Walmsleys of Bury

By Lorne Barling

WALMSLEYS of Bury, the U.K.'s biggest paper-making equipment manufacturer, said yesterday that there would be "heavy redundancies" because of the falling demand for its products, mainly from buyers abroad.

The company, which exports about 90 per cent. of its products, said that cuts in investment plans of paper companies were causing severe problems. As a result, it was considering major rationalisation at Bury, Lancs., where 500 workers were employed.

"Following the disclosure of an estimated loss of £1.5m. for the current year, the management have opened discussions with employees and union representatives regarding the continuing depressed state of the paper machinery market and the necessity to reduce the high level of operating costs."

● More than 100 shoe workers employed by George Bull of Rushden, Northants, yesterday agreed to a six-month voluntary pay freeze rather than risk redundancies. The move will mean forfeiting a cost-of-living rise in September, resulting in the workers losing an average £5 a week.

June betting tax rises by about 25%

By Michael Thompson-Noel

THE GROWTH of High Street betting in June came remarkably close to matching the general rate of inflation, in spite of the television blackout of race meetings caused by the Newmarket stablelads' strike, it was disclosed yesterday.

Betting tax paid by off-course bookmakers in June totalled £11.54m., an increase of about 25 per cent. on June last year, according to Customs and Excise figures.

Overall, betting shop business in the three months to June 30 expanded by a little over 20 per cent.

On-course bookmakers paid £757,000 last month (£588,000); greyhound tote operators paid £261,000 (£256,000), and bingo operators paid £494,000 (£451,000). Pool betting receipts, however, fell from £5.49m. in June last year to £5.37m.

Total betting and gaming duties paid last month were £18.8m. (£16.2m.).

Olsen switch

FRED OLSEN Lines has switched its London-Oslo cargo shipping service through Felixstowe, Suffolk, which it hopes should provide roll-on, roll-off savings. Cargo will continue to be consolidated at the company's Millwall terminal.

Moves to oust MP deplored by union

THE ELECTRICAL and Plumbing Trades Union yesterday dissociated itself from moves by one of its members, Newham councillor John Wilson, to oust Mr. Reg Prentice as Labour MP for Newham NE.

After statements attributed to Mr. Wilson which implied that he had EPTU backing for his role in the Prentice row, Mr. Frank Chapple, the EPTU general secretary, said that Mr. Wilson did not speak for the union. "We do not wish to associate with the removal of any MP for acting in what he considers to be the best interests of his constituents."

The EPTU leadership has become increasingly embarrassed by the Prentice affair because the original motion to expel the MP came from the EPTU North-East London branch. The motion was circulated to the Newham NE Labour Party where Mr. Wilson, an EPTU member and a member of the local Labour Party management committee formally proposed it.

Heath to start the FT Australia clipper race

BY LORNE BARLING

MR. EDWARD HEATH, the former Conservative leader, is to start the Financial Times Clipper Race to Australia in which ocean racing yachts will attempt to better the 69-day record to Sydney established 106 years ago.

The race —it starts on August 31—will be preceded by the Port of London Clipper Regatta on the Thames from August 23 to August 30 during which 75 ships, including six large square riggers, will visit the Port of London. They will be manned by 1,400 trainees and 450 officers and instructors from 14 countries.

During the week there will be a number of events on the river, culminating in a procession of the ships to Sheerness for the start of the race. So far six yachts have entered and a seventh will compete in the Sydney-London section only.

The 69-day record was established by Patriach, built in 1879 for the White Star Line of Aberdeen.

The first prize in the race, which has entries from France, Holland, Italy, Poland, Australia, Canada and Britain, is a scale model of the Patriach. It will be awarded to the yacht with the fastest aggregate time over both legs.

If the entrants are to beat the record, they should reach Sydney by early November. They will start their return journey on December 21 and should reach the finishing line at Dover towards the end of February or in early March.

One British entry is the 72-foot ketch Great Britain II, lent by round-the-world yachtsman Chay Blyth to the Army.

CEGB plans power plant closures as demand drops

BY JOHN WYLES, LABOUR REPORTER

A BIG drop in demand for electricity caused by increased costs and the Government's energy conservation campaign has forced the Central Electricity Generating Board to draw up plans for the early closure of a substantial number of power stations in England and Wales.

The CEGB's outline proposals are being scrutinised carefully by electricity supply union leaders who fear they could have a major impact on jobs.

Mr. Jack Biggin, national officer of the General and Municipal Workers' Union, warned yesterday that the closures would be resisted unless the unions could be persuaded that the CEGB's forecasting was accurate.

While they are still waiting for a detailed list of the power stations which will come under the axe, union leaders have been shaken by the potential scale of the closures which the CEGB says stem from problems caused by "massive increases in coal prices on top of a staggering rise in the price of oil."

Confirming that dicussions were being held with the unions on the implications of the sharp drop in demand for electricity, the CEGB revealed that the first phase of its closure programme could affect the large number of power stations put on "cold stand-by duty" for this summer. "Some of these will not be required to operate again," a spokesman said yesterday.

The CEGB insists that no final decisions have yet been taken and that none of its 168 stations will be permanently closed before the financial year 1976-77. Management has assured union leaders that it will stick to its normal practice of giving 12 months' notice of closure of individual stations.

The decision to accelerate the power station closure programme stems from a steep downward revision in the estimated demand for electricity in 1980-81. Last year the Electricity Council estimated 1980-81 demand at 61,700 megawatts in cold weather conditions, but this forecast has now been cut to 54,000 megawatts.

While this is not expected to affect investment programmes already announced, any continuing shrinkage in the demand for electricity is bound to affect plans for the construction of new capacity during the early 1980s.

Good market in used aircraft

By Michael Donne, Aerospace Correspondent

WITH PRICES for new jet airliners rising—a Jumbo jet costs close to $30m. and a Boeing 737 around $10m.—the market for second-hand airliners continues to be strong, with "asking prices" remaining high.

Avmark, the Miami-based world-wide aviation marketing service, reports in its latest survey of the second-hand market that prices can be particularly high for aircraft still having extensive "airframe lives," and where special financing arrangements can be made by the vendors.

On the other hand, prices tend to be low for aircraft with limited airframe or engine lives, where extensive modifications are necessary or where large numbers of jets are sold as a "package deal."

The older, "non-fan" types of jets, with the earliest types of jet engines that were much noisier and less fuel-efficient than later models, are now almost at, or close to, scrap values —in some cases they may be worth more for parts and components than as flying aircraft. This is particularly the case with some of the earliest models of the Boeing 707.

The average market price for an early 707 non-fan aircraft is now about $250,000, whereas the later models in good condition can fetch as much as $3.25m. to $4.25m.

Similarly, early models of the DC-8 four-engined jet are on offer at upwards of $350,000, with the later types fetching as much as $11m. for a "stretched-fuselage" and freighter-passenger combination aircraft.

In the short-medium range twin-jet market, Avmark reports that some British Aircraft Corporation One-Eleven Series 200s are on offer at $750,000, while early Douglas DC-9s are fetching upwards of $2m.

Avmark points out, however, that there is now a substantial number of second-hand jetliners of all kinds on the market, and some of them are slow to move. The selective purchaser "can generally drive a hard bargain."

BSC heads for 'unprecedented loss'

BY KENNETH GOODING, INDUSTRIAL CORRESPONDENT

THE BRITISH Steel Corporation increased taxable profit from £55.8m. to a record £89.3m. in the year to March 29, but forecasts "an unprecedented loss" in the current 12 months.

Turnover expanded from £1.775bn. to £2.255bn. last year, but the annual report, published yesterday, says that while higher export selling prices were obtained over the whole of the last 12 months, results were adversely affected by industrial unrest—272 strikes of which all but three were unofficial—and by the accelerating increases in manufacturing costs.

Over the whole year, the cost of labour and materials increased by more than one-third while borrowings from all sources increased from £46.5m. to £259.5m. Much of the borrowing was to finance the corporation's capital expenditure which rose from £187m. to a record £311m. during the year.

After taxation down from £16.2m. to £14.9m., net profit for the year was up from £39.6m. to £74.4m.

For the second successive year, the corporation is proposing to pay a dividend to the Government, but because of the discouraging indications for 1975-1976, the rapid depletion of the corporation's reserves and the pressures on the BSC's financial resources, this is reduced from £15.9m. to £7.1m.

In comparison with the corporation's statutory financial objective of an 8 per cent. average return on net assets over the four years from 1973-74 (after charging depreciation but before interest on long-term indebtedness, taxation and certain extraordinary items) the result last year represented a rate of return of 8.9 per cent.

Liquid steel production by the corporation last year went down by more than 2m. tonnes to 20.8m. tonnes because of shortages of iron and other raw materials, and industrial relations problems.

By the last quarter of the year a number of problems had been largely overcome and production was returning to normal. However, the fall in demand for some products by then made it necessary to reduce the level of operations.

Imports rose

Production was unable to meet the home market requirements particularly in the first half of the year and, in spite of a restriction on exports in the interests of home customers, imports rose substantially.

Exports contracted from 2.7m. tonnes to 2.1m. tonnes.

Among the principal projects on which work started during the year was a further stage in the development of the South Teesside works as a major steel-making complex. This phase is estimated (March, 1975 prices) to cost about £313m. and includes a new 10,000-tonnes-a-day blast-furnace which will be one of the world's largest and first of its size to be built in the U.K.

The implementation of the ten-year development strategy is being effected by the continuation of the Government's review of the steel closure plans.

The corporation accepted fully the Government's right to institute the closure review and Ministers have acknowledged publicly the corporation's help and assistance.

However, the report says: "It is over a year since the review was instituted and this has to be added to the delays arising from the lengthy examination of the strategy by the previous administration."

The BSC has drawn the Government's attention to the serious consequences of this—the corporation's inability to concentrate on implementing the development strategy expeditiously and the resulting future shortfalls of low-cost modern production facilities and of the quality of products competing for sales in increasingly demanding markets.

Referring to industrial relations, the report says that the corporation was seriously concerned by the deterioration of the situation which directly cost the loss of 1m. tonnes of steel production during the year and seriously affected the corporation's ability to supply customers and the financial results.

Radical action to improve industrial relations was taken and a series of day-long conferences was held by the chairman with each of the main industry trade unions to "improve understanding and achieve more harmonious relationships." Detailed follow-up work is now in hand.

The corporation also took action in those areas where closures were in prospect or had taken place to implement fully its policy to redeploy displaced employees and to encourage and introduce alternative employment.

Special attention was paid to retraining and a "new jobs team," chaired by distinguished local figures and trade union and corporation local management representatives, was set up for each area concerned.

The corporation has further been actively seeking support from overseas industrialists in its campaign to provide alternative employment for traditional but declining steel-making areas.

The total increase in borrowing over the year from all sources was £260m. Two further issues of public dividend capital were made: £30m. in January, 1975, and £15m. in March of this year. The increase in net long-term borrowing for the year from all sources was £137m.

Subsidiaries

Of this total, £56m. net was brorowed from the national loans fund. The corporation negotiated two U.S. dollar loans of which the sterling proceeds were equivalent to £149m., prior to replacement of its Commencing Capital Debt of £134m. in July, 1974.

Of the corporation's main operating subsidiaries, Redpath Dorman Long made a loss last financial year of £12.5m. (after depreciation and interest but before attributing losses to minority shareholders) on a turnover of £94m. The loss in the previous financial year was £4.6m. Last year's result was mainly due to the losses incurred by RDL (North Sea).

British Steel Corporation (Chemicals), which was reorganised into two main operating groups and a development group in April, 1974, made a profit, including investment income, of £9.8m after depreciation and interest. In addition, the company's share of retained profits of subsidiary and associated companies was £100,000. The previous year's figures were £3.6m. and £500,000 respectively. Turnover increased from £27.3m. to £55.6m.

The Corporation's investment holding concern, British Steel Corporation (U.K.), had attributable pre-tax income of £4.4m. last year, from which effective gross dividends of £2.3m. were paid to the Corporation. The Corporation also received dividend and interest payments of £1.6m. from the attributable pre-tax income of £3.1m. arising out of the managed investments.

British Steel Corporation (International), responsible for the Corporation's overseas interests, made record taxable profits of £20m., up 51 per cent. on the £13.2m. of the previous 12 months. This represented an increased return on net assets from 16 per cent. to 23 per cent. Results in the current financial year will reflect the generally lower level of activity and will "probably be substantially below the record achieved."

HOME NEWS

Seaboard Airlines wins Heathrow landings case

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

SEABOARD World Airlines, the U.S. all-cargo operator, won a High Court case in London yesterday that could save it more than £¾m. a year.

The action was heard by Mr. Justice Donaldson against the Department of Trade, over the interpretation of the 1946 Bermuda Agreement governing air services between the U.S. and the U.K.

It was the second defeat for the DoT before Mr. Justice Donaldson on issues arising from that agreement in recent weeks—in May, Pan American won its fight to prevent the DoT from interfering in the rates of commission paid to travel agents.

Seaboard had claimed that the DoT was making it land unnecessarily at Heathrow Airport on eastbound Atlantic flights.

The airline, carrying goods to both Paris and London, wanted to land first in Paris and then in London on the way back to New York. The DoT had insisted under the Bermuda Agreement that the airline should first land in London and then go on to Paris, and if necessary then come back to London.

Seaboard argued that this cost it £14,560 a week in landing fees and other expenses, and involved Heathrow in 12 unnecessary jet movements a week—six landings and six take-offs.

Seaboard had asked the court for a declaration that there was no infringement of its operating permit, granted under the Bermuda Agreement, in carrying goods from Paris to London. The airline had also claimed that the DoT had no power to require its *Eastbound Atlantic flights to* land first in London.

Mr. Justice Donaldson, in a reserved judgment, found in favour of Seaboard, and granted costs to the airline. He said that the airline could apply to the court later as to the exact form of declarations they would be granted, based on his judgment.

Talks on airline commissions

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRLINE-members of the International Air Transport Association are due to meet in Freeport, Bahamas, to-day to dicuss the future levels of commission paid to travel agents world-wide, in a bid *to clear up the confused* situation in the airline industry.

The problem has arisen from the decision by Pan American World Airways this year to give its agents an "incentive bonus" of 3 per cent. commision for all business *they transfer in excess* of 90 per cent. of last year's level. For many agents, this would give a 10 per cent. commission instead of the present 7 per cent.

The Pan Am move threw the scheduled airline industry into confusion. After several weeks of discussion, a majority of IATA members decided to raise commissions by an overall ½ per cent. to 7½ per cent. — which in effect gave all travel agents a small rise, whereas the Pan Am plan gave only a few an increase.

Subsequently, Pan Am also accepted the ½ per cent. rise across the board, while retaining its incentive bonus commission for those agents boosting their business beyond 90 per cent. of the previous year's level.

But, by that time, confusion prevailed throughout the airline industry, and the Freeport meeting is being held to try to find some formula to correct this.

It is hoped that the talks will *achieve what previous airline* conferences have failed to achieve—a coherent industry-wide plan for commissions that will give agents an incentive to try to boost ticket sales, without loading the airline industry with *unnecessary excess costs.*

The Freeport meeting will try also to find a solution to the underlying cause of the commissions dispute — the excessive illegal fares rebates offered by many airlines throughout the world in bids to boost business.

Pan Am has claimed—and few airlines disagree — that this is draining up to $300m. a year from scheduled airlines' revenues. It was in an effort to stop this illegal discounting that Pan Am originally decided to raise its travel agents' commissions.

Concorde noisy at take-off

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

PRELIMINARY results of tests by the Greater London Council into Concorde's noise at Heathrow indicate that while it is worse than that of other jets on take-off, the duration of the noise is less, over any given measuring point.

So far as landing noise is concerned, the GLC scientists prefer to gather more data before drawing any preliminary conclusions.

These broad indications of Concorde's noise, drawn from tests conducted at 13 measuring points round Heathrow during the first five days of the present endurance-flying programme, were given to the GLC yesterday by Mr. Norman Howard, chairman of the authority's planning committee.

The GLC scientists are still only part of the way through *their tests, and will be conducting* further measurements when Concorde returns from its present stay in the Middle East.

Weir Group cuts energy costs by £205,000

By David Fishlock, Science Editor

AN ENERGY conservation programme implemented by the Weir Group reduced energy costs by nearly 10 per cent. in 1974, in spite of energy price increases and a higher volume *of production*, the company claims.

Its total energy bill of £2.24m. for 1974 was £205,000 less than for the previous year.

This was achieved, says the Group, by its member companies acting *independently, without* central guidance, but under a broad directive from the centre to reduce their energy bills.

The most dramatic savings were achieved by the Foundries division, where energy accounts for about 9 per cent. of sales value of products.

The division based its strategy on experiments begun during the three-day week early in 1974. The foundries were exempt from the three-day week, but nevertheless were obliged to reduce their electricity demand at a time when, because of their dependence on electric melting, electricity was their main "raw material."

The division confirmed experimentally that it could conserve energy by pre-heating the molten metal, using natural gas. Progressively during 1974 the Weir Group foundries used more and more gas instead of electricity.

Simultaneously, they developed systems yielding more castings per ton of metal, by reducing the volume of molten metal that freezes in the feeder system keeping the mould filled with metal as it freezes and shrinks.

As a result, says the company, the Foundries division reduced its oil consumption last year by 36 per cent., its gas consumption by 1 per cent. and its electricity consumption by 5 per cent., yet increased its output of castings by 12 per cent.

The lesson learned throughout the group, says the company, was that successful energy conservation requires thought rather than money. Many of the most effective ideas have cost very little, and even the more expensive will quickly pay for themselves.

Islands fear over air costs

TOUR OPERATORS to the Channel Islands have set their own organisation to act jointly on the problems affecting traffic to the area, and to liaise with local tourism and hoteliers' bodies.

Fourteen companies have so far joined the Channel Islands Tour Operators' Group and two other applications are being considered.

Members are Allens Air Holidays, Co-op Travel, Deeside Travel, Gala Holidays, Heaps Tours, Martlet Travel, Modern Line Travel, National Travel, Pitt and Scott, Preston Travel, Sunorama Holidays, Travtel International, Viking Travel and Wallace Arnold.

According to the group's chairman, Mr. Maurice Segal of Modern Line Travel, members of the group are spending more than £10m. this year on travel to the Channel Islands and on hotel accommodation.

The group has already had a meeting in London with the main airlines serving the islands, at which the tour companies expressed concern over increases in air fares on the route.

Mr. Segal said: "We are particularly *worried* about a threatened further 15 per cent. rise from November 1, coupled with much less attractive ITX fares for tour operators.

The airlines' proposed new ITX rates would more than double the cost of the air content of a Channel Islands holiday package, he said.

During visits recently to Jersey and Guernsey for talks with tourism officials and hoteliers, members of the group have urged the need for concerted action to fight the latest air fare proposals, which it sees as "highly detrimental" to the islands' tourist trade.

The group has also taken up *with the Association of British* Travel Agents the question of relieving Channel Islands operations to some extent from the association's new 10 per cent. bonding policy.

Thames TV foreign sales reach £1.57m.

By Michael Thompson-Noel

ACTIVE and aggressive selling policies, Thames Television International said yesterday, were the main reason for its leap in foreign programme sales to £1.57m. for the year to June 30.

The figure compares with £1.18m. the previous year and only £396,000 in 1971-72, when Thames' overseas sales operation was *reorganised* under *its present chief* executive, Mr. Muir Sutherland.

Markets hitherto seldom penetrated by British programmes in which Thames was excelling included France, Spain, Latin America, the Middle East and Eastern Europe, said the company.

One programme, The World at War, had been sold to 50 countries. Other big sellers *included Napoleon and Love* (25 countries), Jennie, Lady Randolph (24) and Special Branch (22).

The biggest sellers in the Middle East were wrestling programmes.

Road accidents costing £500m.

BY DAVID FISHLOCK, SCIENCE EDITOR

ROAD ACCIDENTS are costing Britain nearly £500m. a year and account for about half the deaths among young men aged between 15 and 24, according to the annual report of the Medical Research Council.

Describing accidents as the "*modern epidemic*," the report says that they have displaced infectious and parasitic diseases and malnutrition as the main causes of death and disablement in the developed countries.

They were the commonest cause of death in Britain between the ages of 1 and 40, and *the third commonest cause*—after heart disease and cancer—of death during the working life.

Road traffic accidents were the most frequent cause of accidental death; and these were increasing both in number and severity. Such accidents were now a main cause of permanent incapacity.

Dr. John Gilbert, newly-appointed Minister of Transport, last week voiced the Government's concern over road accidents and indicated that a toughening of the Road Traffic Act 1972 could be anticipated.

Studies by the MRC's Applied Psychology Unit at Cambridge suggest that less experienced drivers may concentrate unduly on steering at the expense of attention to road signs and to hazardous driving by other vehicles. Using a simple driving *simulator, the scientists* discovered marked differences in what experienced and inexperienced drivers were looking for when driving.

They refuted suggestions that inadequate control skills were a main cause *of accidents* in younger drivers. Physiologically fit young people, keen to acquire independent transportation, were able and well motivated to learn the necessary control skills fast and well.

The conclusion is supported by road accident statistics which show that accidents peak about two to four years after the novice begins to drive, by which time control skills—but not experience—would be expected to have reached a fairly stable and acceptable level.

The MRC's research expenditure for 1974-75 totalled £36m., including just over £1m. on new building. Its research policy gives priority to health problems of major social importance—among them arterial disease—and to the encouragement of more research workers in dentistry, dermatology and psychiatry.

U.K. buyers reassured over newsprint strikes

By Lorne Barling

Strikes at Canadian newsprint mills which have shut down all those on the West Coast and a *number of Abitibi mills in the* east are unlikely to have any immediate effect on U.K. buyers, importers said yesterday.

Canadian mills have been building up stocks in anticipation of summer holidays and it is estimated that about eight weeks' supply is now held. Imports held at U.K. ports are also at a high level.

The price of Canadian newsprint, which stood at about £165 a tonne for lightweight grade earlier this year, has risen substantially as a result of sterling devaluation against the dollar and is now between £180 and £185 a tonne.

SNP call over N. Sea jobs

BY CHRIS BAUR, SCOTTISH CORRESPONDENT

THE SCOTTISH National Party, complaining yesterday about the "comprehensive mishandling" of the Government's North Sea oil policy, is to seek additional legislative safeguards to prevent a predicted run-down in oil-related employment in Scotland.

It is to table amendments to the Government's Petroleum and Submarine *Pipelines Bill*, which has just completed its committee stage. The effect of the amendments would be to ensure that Scottish industry received at least half the development work on oilfields in the Scottish sector of the North Sea.

The Party asserts that on the latest estimate, Scotland's share of the development work is likely to be no higher than 25 per cent. of the total value, and may be as low as 18 per cent.

Its calculations are on the basis of appraisals by Aberdeen University and the Department of Energy which have put the U.K. industry's share of the domestic offshore market at 32 per cent. and 42 per cent. respectively.

The Party's oil industry spokesman, Mr. Gordon Wilson, MP for Dundee East, spoke in Glasgow yesterday of the "*exceptional naivety*" *of the U.K.'s* on- and off-shore policies which, he said, "might almost be thought to be designed to stunt the growth of the infant Scottish oil industry."

The Scottish labour force of about 40,000 engaged directly and indirectly in oil-related work, was expected to fall within the next two years as the flow of orders to production platform yards and pipeline contractors moderated. This prospect is worrying trades *union leaders* who are aware of the extent to which North Sea activity has sheltered the Scottish economy from the worst effects of the current recession.

The SNP wants oil companies to be put under new statutory obligations: first, to give the Department of Energy information about the proportion of equipment and supplies manufactured in Scotland with estimates of the local employment created; and second to *ensure that* at least half of all equipment and supplies is produced in Scotland using a minimum 50 per cent. of Scottish-resident labour.

Mr. Wilson said that if the rate of North Sea oil exploitation was maintained, the effect of protection might be to double the number of oil-related jobs over the next five years. The Party's longer-term preference, however, would be to extend the life of existing oil employment by a slower rate of offshore development.

Other nations regarded offshore development as extensions of their shipping and shipbuilding industries and operated a high measure of home preference. "Scotland cannot afford the pretence that the North Sea can or should be treated as an open market," he said.

HOME CONTRACTS

GALLIFORD AND SONS has won the largest ever single contract awarded by Redditch Development Corporation. Totalling £6,042,331, the contract is for the construction of the Alvechurch Highway.

The highway will be 5.41km. long and of single and dual carriageway construction. It will lead from the Birmingham Road at the north of the designated area to south of the Henley/Bromsgrove Highway, the main East-West dual carriageway now open to traffic. Work is expected to take about 2½ years. The new highway involves the construction of six road bridges, one pedestrian footbridge and seven pedestrian subways.

*

A contract for nearly £5m. for the modernisation of 674 houses at Penilee has been awarded to the LEONARD FAIRCLOUGH GROUP'S Fram Construction Division, Paisley, by Glasgow District Council. Penilee, one of Glasgow's earliest housing estates will be given an entirely new look. The former flat roofs will be replaced by sloping pitch roofs and new plumbing and fittings, new electrical wiring, new doors, windows, etc., provided.

*

ROBERT MARRIOTT has been awarded a contract of nearly £3.9m. by Northampton Development Corporation for 420 rented homes at Ecton Brook in the far south-east corner of the town's eastern district. The contract is subject to approval by the Department of the Environment.

*

RADIATION DYNAMICS, of South Marston, Wiltshire, has received a £1.6m. contract for the supply of a high-energy linear accelerator to the U.K. Atomic Energy Research Establishment at Harwell. The accelerator, to be installed and commissioned in 1978, will be used in research related to advanced nuclear reactor design.

The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● BUILDING

Fillip for foam industry

FURTHER encouragement is to be given to local authorities to approve the installation of cavity foam insulation. This has been reported by Mr. Ernest Armstrong, Parliamentary Under Secretary of State, Department of the Environment, during a meeting which was attended by representatives of the Cavity Foam Insulation Association (CFIA), among others.

A circular to local authorities is now in course of preparation and a "type relaxation" is likely to be introduced as soon as consultation with interested parties has taken place. Local authorities will be required, subject to certain safeguards, to give automatic approval to the vast majority of applications for cavity wall insulation.

In recent months there has been a major hold-up in the number of such installations—following the determination by the Secretary of State for the Environment that building regulations must be applied.

This meant extra work and responsibility for local authorities. A substantial number have been refusing permission out of hand. In turn the industry has been reduced to around 20 per cent. of its former capacity and laid off 70 per cent. of its work-force.

The CFIA, naturally, has welcomed the moves the Department is making. It points out that most of the 8m. buildings in the country with cavity walls can be successfully foamed to produce savings of 25 per cent. in fuel usage—and up to £350m. a year in oil imports.

Only a minor proportion cannot be done, due to poor construction, unsuitable building materials or severely exposed siting—and this can be easily determined by the specialist installer.

The new procedures should also eliminate the substandard foam operator for ever. But it is still essential that householders ensure they use operators of high repute, covered by the Agrément certificate and by insurance and guarantees.

Cavity Foam Insulation Association is at Bremar House, Sale Place, London W2 1PD. (01-402 5411).

● SAFETY

Fail-safe gas/smoke detector

ENGAS hydrocarbon gas detector by the Energy Equipment Company will detect concentrations of hydrocarbon gases or vapours in air down to levels far below the lower explosive limit and is self-monitoring. If any malfunction is exposed during the latter cycle, the visible and audible alarms that give warning of gas concentrations are actuated and a stand-by sensor may be switched into operation.

The system fails safe and, as a consequence, meets what is possibly the most important requirement of any gas detection system. Another advantage of the Engas unit is that it can detect smoke and can be used for the purpose of monitoring for potentially explosive gas and air mixtures or outbreaks of fire.

Minute traces

Gas detection is based on the reaction of a semi-conductor to hydrocarbons, minute traces of which significantly modify its characteristics. There are two semi-conductors, one working and one stand-by, each of which is sealed in a separate cell joined by tubing to the delivery side of a powerful air pump. The suction side of the pump is connected to a manifold fitted with a series of solenoid valves.

These control small-bore suction lines leading to the various sampling points so that energisation of any one solenoid automatically connects the associated sampling point to the pump suction manifold and via the pump delivery, to the detector cell. Any trace of hydrocarbon gas in the sample varies the electrical impulses from the detector which automatically sets off the visible and audible alarms.

Timing device

Operation of the valves is controlled by a solid-state electronic timing device. This energises the solenoids in sequence so that during a complete cycle all sampling points are progressively connected to the gas detection cell. To allow for the differences in lengths of the sampling lines, the system is designed so that valves can be held open for varying lengths of time.

Reaction of the sensors to minute quantities of hydrocarbon is also used to operate the self-check monitoring system. In this case, however, the action is reversed in that the alarms are actuated by failure of the sensor to react to a sample of air containing a known quantity of methane. Self-checking is carried out at least once during each sampling cycle.

Energy Equipment Company, Energy House, Hockliffe Street, Leighton Buzzard, Beds. LU7 8HE. 052-53 78373.

● COMMUNICATION

Works base radio from a distance

REMOTE CONTROL over land lines of vhf and uhf radio base stations is possible with the RC1010 unit introduced by the GEC Mobile Radio division of Marconi Communications Systems, Marconi House, Chelmsford, Essex CM1 1PL (0245 53221).

Functions include transmit, power fail indication, talk-through and receive. The units can also operate with selective calling equipments and vehicle identity schemes.

A feature of the design is the microphone amplifier which provides automatic gain control with very low distortion, so ensuring constant modulation from different speech levels. The loudspeaker amplifier has a voice operated switch which eliminates land line noise when there is no speech present. This also works in conjunction with an agc circuit which eliminates the large signal level differences often experienced when multiple controls are connected to the same base station.

The unit, in which most of the major circuits are plug-in, measures 370 x 332 x 127 mm and weighs 4.25 kg.

● COMPUTERS

Automated trade figures

THE PROJECT for the general import-export automated network, by Government standards, is being handled with urgency.

A team from Custom and Excise management division (thought to be some 50-60 strong) has been engaged for some months in a major feasibility study to develop a computerised export/import entries system for the country's major ports.

The study is concerned with the creation of a system comparable to the air cargo LACES system at West Drayton — one which will make use of the experience that C and E have gained with it, for much of the ports C and E work is also currently run on the LACES system.

The report of the feasibility study is currently being evaluated and C and E expect to come to conclusions within the next three months.

Whatever system is chosen should be up and running within a year.

The system is eventually expected to link some 15 ports with C. and E's computing centre at Southend. This is in the long term. In the short term it is thought likely that they will begin with seven or eight. There is some argument internally about whether or not this network should use the existing twin System 4 installation on which VAT is run, or whether or not to obtain a further System 4.

The software is being developed so as to run independently either on System 4 or on the new ICL large 2900s. Other arguments in progress are known to be concerned with whether or not the system should have intelligent or non-intelligent terminals; most informed opinion opts for the former, even though this system would be more difficult to develop.

The system will be used to validate entries against major files, tariffs, traders and the like. It is expected to speed up port C. and E. paper work considerably, as well as providing better central Government information.

It will cover particularly needful speedy information on the balance of payments situation.

Some civil service specialists talk in private of such a system, in conjunction with LACES, being able to provide a running balance of payments position at any time—this by the end of the seventies.

Of course, such figures would permit "fine tuning." This is not possible at present with a great deal of balance of payments data gathered on a purely statistical basis.

● HANDLING

Finnish man lift

VELOCITY control and precise positioning are features of heavy duty man-lifts in production by Tamlift Company, of Finland. The triple-articulated Bronto Lift 300 range of working platforms is fitted with electro-hydraulic control equipment supplied by Moog, PO Box 8, Runnings Road, Cheltenham, Glos.

Four Series 60 proportional control valves operate the hydraulic cylinders on the booms. They may be controlled from either of two operator consoles located on the working basket and on the vehicle platform.

Each console is equipped with four 86-126 single-axis manual controllers, the only connection required between the consoles and the valves in each case being a two-wire cable for control signals.

The basket can be lifted from rest position to its full working height in about a minute, and the boom slewed through 360 degrees in about 70 seconds to a position within 25 mm of any point. A feature of the system is a facility to sense the approach of end of travel in any direction and decelerate the boom smoothly to a stop, even if the operator control is held at maximum speed.

Mobile skip for liquids

FHD CONSTRUCTION has produced a compact, mobile skip for moving liquids, including highly corrosive chemicals, from place to place around a factory.

The body of the stainless steel skip can, if required, incorporate a filtering system utilising perforated steel plates and a filtration medium compatible to the liquids to be screened.

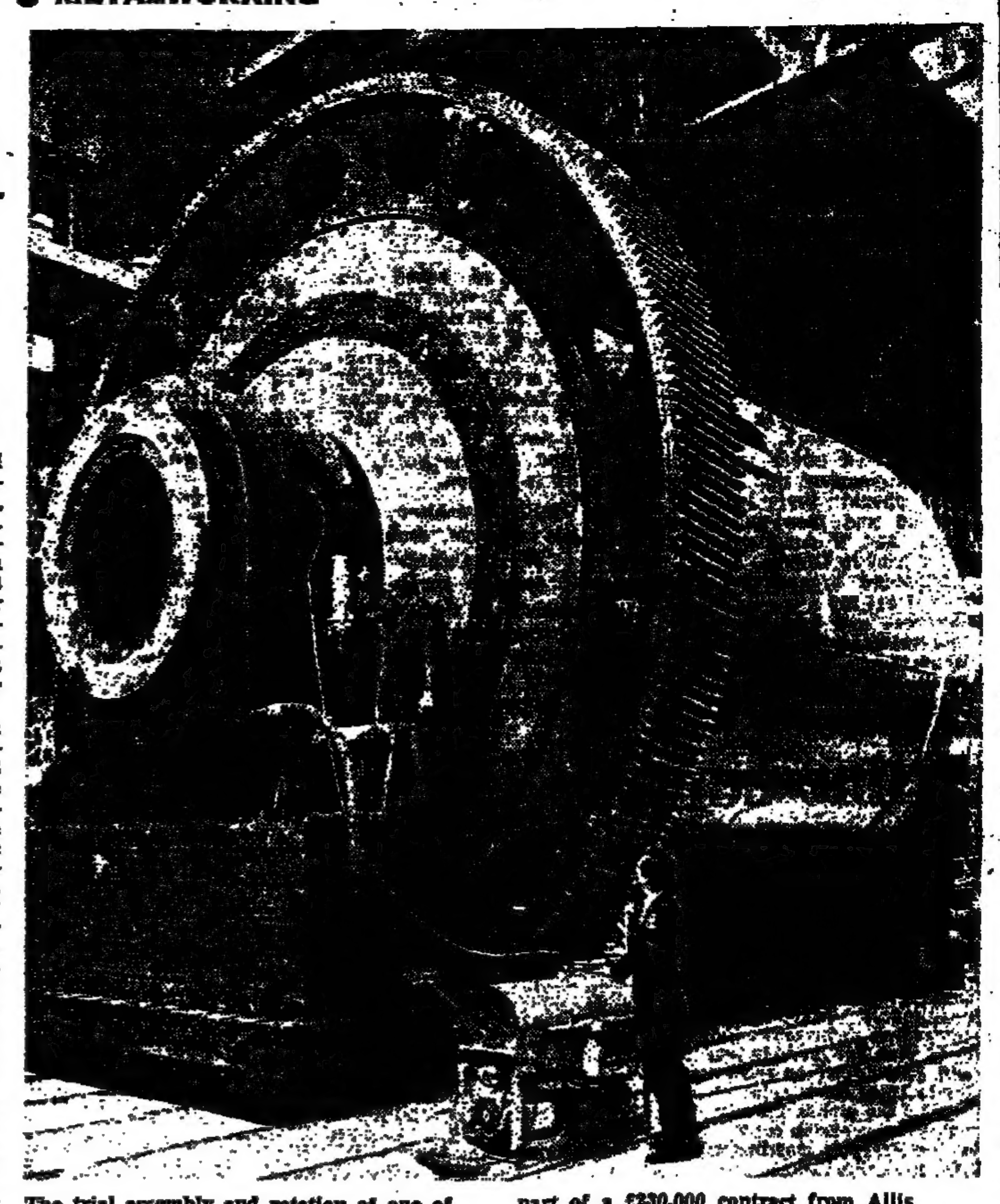
Provision has been made for the connection of a vacuum pump below the filtering plates and this, by creating a negative pressure, considerably speeds the filtration process. Once this process is complete the filtered liquid is held, until final draw off is required, in the base of the container.

The body of the skip is carried in a steel framework mounted on two 20 cm, diameter "in line" wheels and two 20 cm. diameter 360 degrees swivel castors.

A flanged sight glass enables the operator to check material levels during filtration and transfer.

FHD Construction, 124a/130 Edinburgh Avenue, Slough, Berkshire headquarters.

● METALWORKING



The trial assembly and rotation of one of the largest ball grinding mills to be fabricated in the U.K. has taken place at the Stockton works of Whessoe. The mill, one of four, each measuring 16½ ft (5.03m) in diameter by 21 ft (6.4m) in length, forms part of a £230,000 contract from Allis Chalmers Great Britain on behalf of the Southern Peru Copper Corporation. The rotation assembly of each mill weighs about 250 tons and each unit is designed to grind 230 tons of copper ore an hour in a wet closed circuit.

Fast lathe program controller

IN LESS than five minutes a complete 32 step capstan lathe program can be established with the latest Martonair automation system fitted to a Hardinge machine tool. It is claimed that this enables very small batches to be manufactured profitably.

Programming a sequence involves selecting the necessary functions, pressing a button, and the command is memorised. Power to the turret cross slide and the third slide are provided by hydraulics. All movements are controllable, with dwelling control and woodpecker as standard equipment.

The lathe and its control system are marketed by the Akron Machine Tool Company, 29, Burners Lane, Kiln Farm Industrial Estate, Milton Keynes MK11 3BU (0908 315040).

Liquid extends tool life

A METALWORKING liquid, claimed to be all-purpose and to prolong tool life and make for easier, faster machining has been announced by Rocol, Swillington, Leeds LS26 8BS.

Called Ultracut, it is intended to ease all cutting and forming operations, particularly where tough metals are involved—stainless or high-tensile steels, aluminium and tough alloys. It is claimed to be suitable both for direct application to workpiece or tool and as an additive to reinforce conventional cutting, drawing and pressing mineral oils.

Field tests are said to have shown benefits throughout a range of metalworking applications—forming, pressing, drawing, cutting and spinning, among others. Metalworking firms report improvements in tool life —in some cases by up to 1,000 per cent.—and a higher standard of finished product. Among the claims made for Ultracut are: savings in machine downtime; a lower incidence of damage to expensive tools and workpieces; and a reduction in the number of rejects on complicated pressing and forming operations.

● ELECTRONICS

Micros easier to employ

A NEW BRITISH company formed to provide a total service in terms of the application of microprocessor technology has developed a complete system based on the Intel 8080 computing chip.

Trivector System 80 is the initial product launch offering of Trivector Systems of Henlow, Bedfordshire, formed by three former departmental managers of Digico, the Stevenage minicomputer manufacturer.

Managing director is Alan S. Ball, Digico general sales manager until last year. Research director is Chris Blake, formerly Digico programming manager, with Les Price, the former Digico engineering manager, as technical director. Their combined experience in the computer and electronics industries amounts to 54 years.

Because of their knowledge of the minicomputer field, they are well placed to take advantage of current microprocessor technology.

Trading since May, the company has three contracts to develop systems for business applications, for process monitoring, and for use in gas and liquid chromatography.

For a business system using the microprocessor, engineered into a full computer system, Trivector offers a basic machine with control panel (everything except memory) for £952. Memory is £240 per 4K increment, plugging straight into the mainframe, which will hold up to 32K, and accommodate eight peripheral controllers.

Teletype interface costs £95, VDU interface £115, and a fully-interfaced floppy disc system is available for £1,100. Thus, a fully-working system with 16K of memory and floppy disc is available for approximately £3,500.

Software supplied with the Trivector comprises Basic, assembler, debug and editor, floating-point, disc-based assembler, editor and operating system for floppy discs.

Applications software is being developed for business systems; for process monitoring; and for gas and gel permeation chromatography, ultra violet spectrophotometry, disc centrifuge and tensile testing.

Since one of Trivector's objectives is to provide hardware and software services for the design and implementation of microprocessor systems, the company is also ready to design systems using microprocessors from other manufacturers, as well as develop software for users who already have Intel systems in operation.

Trivector is at 155 High Street, Henlow, Bedfordshire. Hitchin (0462) 813775.

Cuts cost of flame cutting

BASED ON the electronic scanning head and control gear developed by the company for its conversion service for manual flame cutting machines, Shapecut Machines, Broadbear Works, Audley Street, Reading, Berks. (0734 599818) has developed an automatic flame cutting machine.

Called the Copycut, the scanning head and burners are mounted on a single rail which moves on the y-axis. The scanning head is connected to the burners by a round bar which moves on the x-axis. Movement in both axes is provided by servo-motors controlled by the scanning head. Once the burner scanner tracing relationship is set, the burners must follow the scanner as it tracks on the tracing. Should the scanner lose the line the machine will stop.

Cutting speed is infinitely variable from 0 to 30 inches/minute with oxygen and to 120 inches/minute with plasma arc. Maximum cutting width is 120 inches and the standard burners will cut mild steel up to 12 inches thick. The company says the machine is about £1,000 cheaper than most comparable equipment.

● TRANSPORT

Water/oil separator

GLACIER Metal Company (AE Group) has produced a high-performance fluid separator for removing oil from water in piston cooling systems.

Many current slow-speed marine diesel engines incorporate piston cooling by forced water circulation to reduce piston crown temperatures and improve engine life and performance. These systems are susceptible to contamination by lubricating oil which enters the circulating water via telescopic pipe glands. Oily deposits form on the inner surfaces of the piston and reduce heat transfer from piston to cooling water considerably. Excessive piston temperature then leads to a rapid deterioration of the piston.

The Glacier separator will remove contaminating oil from piston coolant water at a rate up to three litres per hour—which is far in excess of the normal contaminant addition rate.

Glacier's separator includes a centrifugal unit which requires no mechanical or electrical drive, and is supplied built into a compact, self-contained unit which is incorporated into the ship's coolant system. The centrifuge is easily cleaned and does not require any replaceable elements. To obtain maximum efficiency, the flow induced suction head is located in the coolant tank in the zone most heavily contaminated.

Glacier is at Alperton, Wembley, Middx. HA0 1HD.

● PROCESS

Hot or cold washing guns

TWO HIGH pressure washing guns are being made by Kina Engineering, Industrial Estate, Hadleigh, Suffolk (047338 3411). Both are designed for use with medium and high pressure washing and jetting machines of all types and will operate at water pressures up to 2,500 psi and handle flow rates from under 1 to 11 gal./min.

Constructed of corrosion resistant materials for use with detergents, mild acids, or other unusual sterilising or cleaning agents, the guns have a standard cleaning lance of 24 inches (shorter or longer lengths are available).

Various spray patterns are obtainable depending upon the jet fitted. The guns can be fitted for wet abrasive blasting operations. Both can handle cold or hot water up to 80 deg. C (the hot water version is insulated for operator protection).

● POLLUTION

Identifies noise band

SOUND LEVEL meter from Dawe Instruments, Western Ave., London W.3 (01-992 6751) is a portable battery-operated unit with built-in octave band filters permitting accurate measurement of levels in various parts of the spectrum and easier assessment of the sources of noise.

Called the 1419E, the meter consists of a ceramic microphone, an impedance matching circuit, a high gain amplifier, weighting networks, octave filters and an indicating meter. If required the microphone can be mounted separately from the instrument via a 6-m extension lead.

In addition to the standard weighting curves A, B and C, a linear frequency response is also provided.

The meter exceeds the requirements of BS 3489 and IEC publication 123 for industrial grade sound level meters. An alternative version calibrated to ANSI standards is available.

Sandy McLachlan on yesterday's decision to refer cat and dog foods to the Monopolies Commission

The dogfight in pet foods

AT FIRST glance it may seem ironic that pet foods—or dog and cat foods which represent more than 95 per cent. of the total market — should be referred to the Monopolies Commission now. The Mars subsidiary, Pedigree, and the Spillers pet food side have dominated the market for years, and only recently have there been any potential challengers to them.

Over the last few years, however, Quaker and Carnation Foods have entered the market, with Quaker in particular making an impact on the two major groups. Since 1970, it has doubled its market share from 4 per cent. to 8 per cent., first through its launch of Chunky dog food, and, more recently, by leading the field in the introduction of soft moist foods for dogs and cats. Clement Freud and Henry have succeeded in gaining Chunky Minced Morsels some 90 per cent. of this fast growing dog food market, while actor Stratford Johns and his cats pushed Felix Tender Morsels into the top 20 new product launches of 1974, according to the league table produced by *Supermarketing*.

Dynamism

There is no doubting the dynamism that exists in the pet food market. Economic crises may affect the way that human members of the family eat, but dogs and cats continue to eat at least as well as ever, according to the figures. Between *existing companies in the market* competition is fierce, and the rate of new product launches for pet foods is far higher than the equivalent rate of products for human consumption in most sectors of the food industry.

But these factors are in themselves at least partly the cause of the reference. The overall rate of advertising expnditure by the pet food companies—estimated at between 5 per cent. and 10 per cent. of total sales—may not be all that high, but the Office of Fair Trading takes the view that the way this spending is heavily concentrated on certain leading brands means that only the giants have any chance of competing with the established market leaders.

That the only major new entrants to the business are already big companies in their own right gives credence to his view, while the fact that three *out of the top ten grocery product* launches in 1974 were pet foods bears testimony as much to the weight of advertising thrown behind them as it does to the growth which prepared pet foods are enjoying in contrast to the human grocery market, which has been stagnant, in volume terms, for a number of years.

Growth in pet foods there certainly is. Although the dog population is either static or growing slowly at somewhere between the 5m. and 5.5m. mark and the cat population is also pretty steady at around 3.6m., there has been genuine growth in pet foods even after inflation is allowed for. For example, Spillers estimates that the total expenditure on prepared pet foods rose by £65m. to £185m between 1971 and 1973. This represents a volume growth of around 28 per cent. Pedigree's figures are slightly different, but they show a similar trend, while both companies are looking for continued volume growth of between 3 per cent. and 5 per cent. this year.

According to the pet food manufacturers, it is the changing pattern of human eating habits which are largely responsible for the switch to prepared pet foods. The move to convenience foods, with more women working, more TV dinners, and more and more families owning home freezers, has meant less left-overs for pets. The scrap dinner, which used to form the staple diet for a good proportion of the dog and cat population, has disappeared from many households. If, the feeling seems to be, the rest of the family increasingly eats prepared foods, why should not the dog or cat also be fed from tins and packets? Certainly this tends to be cheaper than buying raw meat or fish and preparing it, while it is also more convenient and in many cases more pleasant.

PETFOODS: THE LEADING BRANDS

BRAND	MANUFACTURER	SALES (£m.)*
Pedigree Chum	Pedigree	15.7
Whiskas	Pedigree	15.1
Bounce Dog	Pedigree	8.7
High Protein Pal	Pedigree	7.6
Kennomeat	Spillers	5.8
Winalot	Spillers	5.5
Kit-E-Kat	Pedigree	5.1
Lassie Meaty Chunks	Pedigree	4.8
Bonus Dog Food	Spillers	4.8
Chunky	Quaker	4.7
Chappie	Pedigree	4.0
Kattomeat	Spillers	3.9

* 1973 retail sales value

Whatever the reason, the preprepared pet food sector has become a big business. Pedigree estimates the total market for 1974 as being in excess of £190m., and expects the 1975 total to be up to around the £240m. Meanwhile the Office of Fair Trading is working on a figure of around £180m. for the dog and cat food markets alone.

There is no doubt that *prima facie* monopoly conditions apply. Trade sources estimate that Pedigree is the pet food market leader, with around 48 per cent. of total sales, while Spillers follows with around 32 per cent. Within the specific terms of the reference, the Office of Fair Trading estimates that Pedigree has 55 per cent. of the cat and dog food market and Spillers 35 per cent. Thus, these two between them control 90 per cent. of the total.

Pedigree is dominant in the canned food market, where its two market leaders—Pedigree Chum for dogs and Whiskas for cats—each have sales of more than £15m. a year, while Spillers predominates in the biscuit market with a share of around 60 per cent., which is equivalent in cash terms to the Pedigree dominance in canned foods. Spillers has got into the canned food business by acquisition and now holds around 15 per cent. of this market (its new Choice Cuts premium dog food was the most successful new product last year).

Spillers claims that its reason for diversifying into canned foods was that it wanted to use its proven expertise in the petfoods field more widely, but the OFT has obviously taken the view that this further concentration in the petfood field by acquisition is something which at least bears scrutiny by the Monopolies Commission.

This comes back to the perennial point that Monopoly Commission references are not by themselves prejudicial — the reference does not imply that the existence of statutory monopoly conditions (where one company has more than 25 per cent .of a given market) necessarily operates against the public interest.

In the case of petfoods, the reference has not been made as a result of any complaints from members of the public or wholesalers and retailers supplied by the manufacturers. Apparently the number of complaints about these products is even below average. However, the OFT has developed a series of checks which it applies across the whole spectrum of industry, and if it comes up with more than an average number of "positive" results then the industry or companies concerned become candidates for a reference.

A fairly high advertising ratio heavily concentrated on certain brands was one of these positive criteria. Apparently, the OFT felt that there was at least a prima facie similarity here between pet foods and the detergent market—which attracted criticism in a previous Monopolies Commission report.

When they come before the Commission the companies will be free to argue, as they undoubtedly will, that heavy promotional advertising is necessary to establish brands in a growing and highly competitive market. They can also point out that the pet food market is unique in that the product has to appeal to the animal—through taste—but has to be sold to the housewife. Often, too, appeal to children has to be taken into account, not because they are likely to eat it but because they are frequently, at least, the notional owner of the pet concerned.

High return

Perhaps the most important factor influencing the OFT in making its reference was the apparently high return on sales and capital employed of at least one of the four companies specifically mentioned in the reference—Quaker, Carnation, Pedigree and Spillers.

Both Pedigree and Spillers yesterday declined to comment on the margins which they made on pet food sales—either in terms of sales or capital employed—with Spillers saying that this was something which they did not divulge to shareholders and, therefore, could not comment on in public. Nevertheless all four will have to come clean in front of the Monopolies Commission itself.

To sum up, therefore, the reference of the supply of cat and dog foods has not been made because there is any prima facie case of collusion, price leadership or anything of that nature. In fact Mr. John Methven, Director General of Fair Trading, admits that there is a good deal of competition in the market. Reading between the lines, therefore, one must assume that what is in question is whether the tough competition which prevails is the right sort.

What the Commission will have to decide is whether the level of advertising in the market is acting as an effective bar to new entrants and, if this is the case, whethher the big groups already safely on the inside are being able to compete strongly with each other cushioned by unusually high rates of return which may not be in the public interest.

APPOINTMENTS

Chrysler U.K. appoints Canadian as sales chief

CHRYSLER U.K. has appointed Mr. Gordon Pfeiffer, a 49-year-old Canadian, to take over from Mr. Geoffrey Ellison as director of sales and marketing. Mr. Ellison, 51, is taking up a senior post with Chrysler in Detroit.

Mr. Pfeiffer, an economics and accountancy graduate, was previously deputy managing director, Chrysler South Africa. He spent the first 11 years of his career in the motor industry with Ford in Canada, and has also worked for Chrysler in Australia.

His appointment accompanies a major reshuffle at the head of the U.K. company, announced last month, including the appointment of two deputy managing directors—American Mr. Franklin Rogers and Mr. Peter Griffiths—to take some of the load off Mr. Don Lander, managing director.

Chrysler's U.K. sales position presents a particularly demanding challenge at present. The company's share of the market has dropped from about 11 per cent. in 1970 to 7.3 per cent. in the first half of this year.

Attempts to lift sales with a series of marketing incentives have failed, but later this year Chrysler will be in a position to sell the new Simca 1300 model in which the company has high hopes.

★

Mr. B. A. Chapman (Pure Lard) has been appointed president of the FEDERATION OF OILS, SEEDS AND FATS ASSOCIATIONS. Mr. C. W. Astell (Frank Fehr and Co.) has been appointed vice-president and Mr. S. C. Mountjoy (L. M. Fischel and Co.) honorary treasurer.

★

Mr. A. J. Steeds, deputy general manager and actuary of the MERCANTILE AND GENERAL REINSURANCE COMPANY, will retire on December 31 next and will be succeeded as actuary by Mr. J. Hamilton-Jones. He will continue as assistant general manager responsible for the life division of the company.

★

Mr. T. Taylor has been appointed to the Board of VANTONA.

★

THE MOSELEY RUBBER COMPANY has appointed four new directors (Mr. Peter Kellitt, Mr. Harry Pinchin, Mr. Len Dunn and Mr. Harry Carr) and appointed Mr. Harold Hale company secretary. Mr. Pinchin recently spent 15 months in the U.S. on behalf of the company: Mr. Len Dunn comes from B.T.R. Belting, of which he was managing director. Mr. Kellitt has been travelling the world on Roll Covering sales.

★

Paul Murphy has been appointed managing director of CANDY DOMESTIC APPLIANCES, the U.K. subsidiary of Candy S.p.A., Milan, manufacturers of washing machines, dish washers, refrigerators and freezers. He was until recently sales and marketing director in the U.S. for another Italian-based multi-national company.

★

Mr. S. G. Mogford has been re-elected chairman of the BRITISH OVERSEAS AND COMMONWEALTH BANKS ASSOCIATION for a further year.

New managing director for Guinness Son and Co.

Mr. R. A. McNeile will retire as managing director of ARTHUR GUINNESS SON AND CO., on September 27 and will be succeeded by Mr. A. J. R. (Tony) Purssell, at present joint deputy managing director. Mr. McNeile will remain a director of ARTHUR GUINNESS SON AND CO.

At the same time Mr. R. T. Kerslake and Mr. A. P. B. Guinness will be appointed deputy managing directors of ARTHUR GUINNESS SON AND CO. Mr. Guinness will relinquish the position of group financial director, the responsibilities of which will be assumed by Mr. W. A. G. Spicer. On taking up his post with Arthur Guinness Son and Co. Mr. Kerslake will relinquish his appointment as managing director of ARTHUR GUINNESS SON AND CO (PARK ROYAL) and become joint vice-chairman (non-executive) with Lord Moyne.

Mr. S. E. Darmon, deputy managing director of ARTHUR GUINNESS SON AND CO. (PARK ROYAL) since 1972, will be appointed managing director and be succeeded by Mr. P. T. Cunningham. Mr. J. R. Terry will be appointed an executive director of ARTHUR GUINNESS SON AND CO. (PARK ROYAL) on August 1 and will assume Mr. Darmon's responsibilities as marketing director.

★

Key management appointments in the new Stanley company, STANLEY GARDEN TOOLS, include Mr. L. D. Gloyn-Cox, managing director, Mr. Charles Machell, marketing manager, Mr. Peter Herring, production manager and Mr. David Phillips, financial controller.

★

Mr. A. R. Zambra, Mr. N. W. Hosp and Mr. R. N. Dobbs have been appointed to the Board of CLARK AND FENN (HOLDINGS). Mr. Zambra and Mr. Hosp were formerly associate directors, while Mr. Dobbs joins the group from RTZ Industries.

★

Mr. John Butterfield, formerly Harwich divisional manager, has joined the Board of CARLESS SOLVENTS as technical director.

★

Mr. T. S. Savery, secretary, has been appointed to the Board of BANQUE BELGE, together with Mr. W. Armstrong, who is joining the bank as general manager to replace Mr. J.-M. Iweins d'Eeckhoutte, who is returning to Belgium to take up an appointment with Société Génerale de Banque.

★

Mr. Peter Parrott has been appointed financial director of GRAND METROPOLITAN HOTELS, a completely new position. His role links the financial arrangements of Grand Metropolitan's U.K. and International hotels, which were formerly handled separately, and his responsibilities will also include the negotiation of management contracts and financial assessment of new projects. Mr. Parrott previously held a similar post with Cunard Lines.

★

ROYAL INSURANCE has appointed, with effect from October 1 next, Mr. R. Cunliffe, at present group chief accountant, as overseas comptroller. Mr. W. R. Rowland, chief accountant, will succeed him as group chief accountant.

★

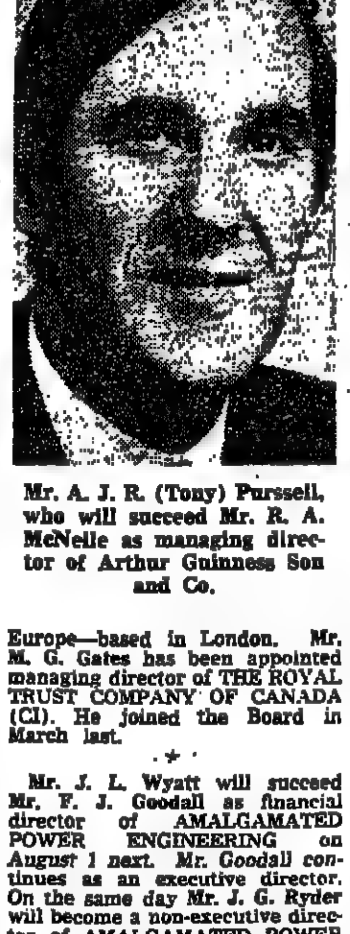
Mr. E. Cullingworth has retired from the Board of RACASAN, and Mr. T. F. G. Harrison and Mr. C. J. C. Haimes have been elected directors.

★

Mr. S. Jackson has resigned as director of LEVEX and its subsidiaries.

★

The Royal Trust Company of Canada reports the following Board changes: Mr. M. G. Gates has been appointed a director of THE ROYAL TRUST COMPANY (GUERNSEY). Mr. G. W. P. Cambie has resigned as managing director of THE ROYAL TRUST COMPANY OF CANADA (CI) LTD. to take up an appointment with THE ROYAL TRUST COMPANY, MONTREAL, as general supervisor, International Services, Europe—based in London. Mr. M. G. Gates has been appointed managing director of THE ROYAL TRUST COMPANY OF CANADA (CI). He joined the Board in March last.



Mr. A. J. R. (Tony) Purssell, who will succeed Mr. R. A. McNeile as managing director of Arthur Guinness Son and Co.

★

Mr. J. L. Wyatt will succeed Mr. F. J. Goodall as financial director of AMALGAMATED POWER ENGINEERING on August 1 next. Mr. Goodall continues as an executive director. On the same day Mr. J. G. Ryder will become a non-executive director of AMALGAMATED POWER ENGINEERING and continue as executive director of the subsidiary, CROSSLEY-PREMIER ENGINES and general manager of the group's Manchester division.

★

Mr. Ian H. G. Gilbert, 64, will retire from the chairmanship and Board of WILKINSON MATCH on December 31 next. He will be succeeded by Mr. Denys Randolph, deputy chairman. Subject to approval by the shareholders in September of an addition to the company's articles, the Board intends to appoint Mr. Gilbert president of the company.

Mr. I. H. G. Gilbert, who is to retire as chairman of Wilkinson Match on December 31 next.

As already reported, Mr. Gilbert is to succeed Sir Ivor Baker as chairman of the Baker Perkins group on the latter's retirement in August.

★

D. W. P. GROUP, the Birmingham-based company with interests in property developments and building, announces two appointments to the Board of its contracting subsidiary, D. W. PARKIN CONSTRUCTION. The first is that of Mr. Colin W. Matthews, with overall responsibility for outside construction. He joined the company nine months ago, returning to Birmingham after 16 years, in which period he held similar posts with National Contractors in South Wales. Also appointed is Mr. Derek B. Butler, responsible for purchasing and services, who has been with the company in a senior capacity for 4½ years. A further appointment confirms Mr. Raymond G. Whittall as company secretary, Mr. J. W. M. Taylor having relinquished the post in order to devote more time to group affairs. Mr. Whittall joined the company as an accountant in September, 1973.

★

Mr. B. H. Piper, chief executive of the LLOYDS BANK GROUP, has resigned from the Board of LLOYDS AND SCOTTISH, and Mr. A. J. Davis, an assistant chief general manager of LLOYDS BANK, has been appointed to the Board, with effect from July 9.

★

Mr. Henry Newman has resigned as director and secretary of LONDON BRIDGE SECURITIES.

★

Mr. James B. Wiesler and Mr. Yves C. Lamarche have been appointed senior vice-presidents of the BANK OF AMERICA. Mr. Wiesler is at present in charge of the bank's Northern Europe area office. Mr. Lamarche is appointed senior vice-president and head of the Middle Eastern area office based in Beirut.

★

Mr. Anthony Crosland, Secretary for the Environment, has appointed Mr. Norman Staff chairman of the reconstituted MEDWAY PORTS AUTHORITY. The Medway Ports Authority is now operating under a 10-man Board in place of the Board of 15 which had controlled the undertaking since 1969. Following a harbour revision Order, made after a public inquiry in November, 1973, the reconstituted authority took office on July 1 last. Mr. Staff was until 1972 executive chairman of Winget and of Blaw Knox. He was elected chairman of the previous Medway Ports Authority Board in 1973.

★

Mr. M. R. Field has been appointed a director of REID WALKER ADVERTISING and its subsidiary companies Savast and Score Research.

★

Mr. K. Egashira, the first London manager of Nomura Europe N.V. from 1964-1972, has been appointed president of NOMURA SECURITIES INTERNATIONAL, INC., at the New York office of Nomura Securities. From leaving London until his present appointment he has been Nomura Securities director in charge of international finance.

★

Mr. G. Lindsay Davies has been appointed to the newly created post of Director Supply—Europe on MASSEY-FERGUSON'S European regional staff. He will be responsible for the overall coordination of Massey-Ferguson's purchasing and material supply activities throughout Europe. Previously Mr. Lindsay Davies was director purchasing U.K. operations.

★

Mr. Peter Prynn, a director of Economic Associates since 1970, has been elected chairman of ECONOMIC ASSOCIATES (OVERSEAS), a wholly-owned subsidiary formed in 1974 to deal with overseas projects. He will be responsible for all overseas projects. Mr. Malcolm Summerfield, formerly an associate of the company, has been elected to the Board of ECONOMIC ASSOCIATES.

★

SIME DARBY HOLDINGS has appointed Mr. Peter W. Bickerton as group treasurer. Mr. Bickerton, who will be based in Singapore, was formerly group finance manager for Fisons in London. Before that he worked at the European headquarters of Miles Laboratories, Inc., of the U.S.

★

Mr. Eric Varley, Secretary for Industry, has reappointed Sir Matthew Stevenson, as a part-time member of the BRITISH STEEL CORPORATION for a further year from July 19. He has been a member of the BSC since 1971.

APPOINTMENTS

YOUNG ECONOMIST

A recently graduated economist, male or female, is required by a large well-known firm of London Stockbrokers to help in the production of regular economic reviews. An interest in monetary economics is necessary, but neither post-graduate nor commercial experience is required.

Please apply giving details to Box E.6138, Financial Times, 10 Cannon Street, EC4P 4BY

COMPANY NOTICES

Bank of Montreal

Established 1817

Dividend No. 467

NOTICE is hereby given that a DIVIDEND of twenty four CENTS per share on the paid up Capital Stock of this Institution has been declared for the current quarter, PAYABLE on and after Tuesday, the Second of September 1975, to shareholders of record at the close of business on the thirty first of July 1975.

By order of the Board
R. Muir
Vice President & Secretary

CONSOLIDATED COMPANY BULTFONTEIN MINE, LIMITED
GRIQUALAND WEST DIAMOND MINING COMPANY, DUTOITSPAN MINE LIMITED
(Both companies incorporated in the Republic of South Africa)
DECLARATION OF DIVIDENDS

Further to the dividend notice advertised in the press on the 14th May, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the dividends listed hereunder, is £1 = R1.558445.

Company	Amount of Dividend Declared South African Currency Per Share	U.K. Currency equivalent Per Share
Consolidated Company Bultfontein Mine, Limited	5 cents	3.20832p
Griqualand West Diamond Mining Company, Dutoitspan Mine Limited	25 cents	16.04163p

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
London Secretaries
D. H. J. Pattison

London Office:
40, Holborn Viaduct,
EC1P 1AJ.
Office of the United Kingdom transfer secretaries:
Charter Consolidated Limited.
P.O. Box 102,
Charter House
Park Street,
Ashford, Kent. TN24 8EQ.
22nd July, 1975.

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND NO. 92 ON THE 6 PER CENT CUMULATIVE PREFERRED STOCK

Further to the dividend notice advertised in the Press on the 7th June, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1 = R1.558445 equivalent to 1.92499p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 13.478 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.
D. H. J. PATTISON.

London Office:
40, Holborn Viaduct, EC1P 1AJ
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited.
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent. TN24 8EQ.
22nd July 1975.

DE BEERS CONSOLIDATED MINES LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND NO. 132

Further to the dividend notice advertised in the Press on the 21st May, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1 = R1.558445 equivalent to 2.40624p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 15 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED.
London Secretaries.
D. H. J. PATTISON.

London Office:
40, Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited.
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent.
TN24 8EQ.
22nd July, 1975.

EUROPEAN COAL AND STEEL COMMUNITY

6¾% Twenty Year Bonds of 1967 due 1st October, 1987

The Commission of the European Communities announces that the third annual instalment of bonds amounting to U.S.$1,350,000 has been purchased for redemption on 1st October, 1975.

23rd July, 1975.

J. LYONS & COMPANY LIMITED
(CDRs)

The undersigned announces that as from 7.15.75 at Kas-Associatie N.V., Spuistraat 172, Amsterdam, div.cp.no.5 of the CDRs J. LYONS & COMPANY LIMITED 7% CONV. RED. CUM. PREF. each repr. 50 shs and 500 shs will be payable with Dfls. 6.77 resp. Dfls. 67.70 (re dividend period 1.15.75—7.14.75 being 2.45 pence per share)
Tax credit £0.6598 = Dfls. 3.64 per CDR à 50 shs.
Tax credit £6.598 = Dfls. 36.40 per CDR à 500 shs.
Non-British CDR-holders will not be entitled to receive the benefit of this imputed tax credit as long as the tax convention between their country and the U.K. has not been brought into accordance with the Finance Act 1972 of the United Kingdom.
Amsterdam,
July 11th, 1975.
AMSTERDAM DEPOSITARY COMPANY N.V.

FAN-HOLDING S.A.
LUXEMBOURG

At 30th June, 1975 the company's net assets amounted to US$72,074,913, i.e., US$102.96 per share of $10 par value, before the payment of the dividend for the year 1974 amounting to US$2 per share.

THE CONSOLIDATED DIAMOND MINES OF SOUTH WEST AFRICA LIMITED
(Incorporated in the Republic of South Africa)

PREFERENCE DIVIDEND NO. 80

Further to the dividend notice advertised in the Press on the 21st May, 1975 the conversion rate applicable to payments in United Kingdom currency in respect of the above-mentioned dividend is £1 = R1.558445 equivalent to 64.16652p per share.

The effective rate of South African Non-Resident Shareholders' Tax is 6.418 per cent and the effective rate of South West African Non-Resident Shareholders' Tax is 7.150 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA, LIMITED.
London Secretaries.
D. H. J. PATTISON.

London Office:
40 Holborn Viaduct, EC1P 1AJ.
Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited.
P.O. Box 102,
Charter House, Park Street,
Ashford, Kent.
TN24 8EQ.
22nd July, 1975.

THE HONGKONG AND SHANGHAI BANKING CORPORATION

DECLARATION OF INTERIM DIVIDEND FOR 1975

Falling interest rates and rising overheads have affected results in most areas in which the Group is represented but increased exchange activity has largely mitigated those adverse conditions. Whereas the level of profit is marginally lower than for the corresponding period in 1974 there are indications that interest rates will stabilise and business conditions generally will improve, both of which should materially benefit the Bank's operations during the second half of the year.

The Directors have declared an Interim Dividend of HK$0.16 per share costing HK$55.5m. (1974 HK$55.5m.) in respect of the year ending 31st December, 1975, payable on or after Friday, 29th August to shareholders on the register at 11th August, 1975. This is the same total distribution as for the Interim Dividend in 1974.

The Interim Dividend now declared is payable on the issued capital as increased by the free scrip issue of one new share for every four shares held in March, 1975.

The Directors expect to recommend a Final Dividend of not less than HK$0.36 per share to make a total distribution of not less than HK$0.52 per share for 1975.

The registers of the Corporation will be closed from Monday, 11th August, to Saturday, 23rd August (both dates inclusive). During this period no transfer of shares can be registered.

By Order of the Board,
B. J. N. OGDEN,
Secretary.

Hong Kong,
22nd July, 1975.

THE RYAN NIGEL CORPORATION LIMITED ("RYANCOR")
GRESHAM INDUSTRIES LIMITED ("GRESHAM")

Offer by the Ryan Nigel Corporation Limited ("Ryancor") for the issued Ordinary and 6% Cumulative Preference shares in Gresham

(1) Ryancor has formally submitted to the Directors of Gresham a written undertaking to offer to acquire the entire issued Ordinary and Preference share capital of Gresham.

2. The basis of the offer by Ryancor is:
(a) For each issued Ordinary share, 250 cents in cash, and
(b) For every 100 issued Preference shares, 30 Ryancor Ordinary shares (equivalent, at the current market price, to 99 cents per Preference share)

3. The formal offer document setting out the terms and conditions of the offer by Ryancor is in course of preparation and will be submitted as soon as possible.

4. Ryancor's offer will provide that accepting Gresham Ordinary and Preference shareholders will be entitled to receive those dividends specified as payable to them in terms of the schemes of arrangement.

5. The Committees of the Johannesburg Stock Exchange and the Stock Exchange, London, have been informed of the proposed offer by Ryancor.

APPOINTMENTS WANTED

MATURE BUSINESS EXECUTIVE, late 50s, wide experience Export, Home sales administration, budgetary control and computer output appreciation offers his services to interested West Country firm. Salary by negotiation but prime requirement is job satisfaction. Write Box A 5152, Financial Times, 10, Cannon Street, EC4P 4BY.

CONTRACTS AND TENDERS

**MINISTRY OF CONSTRUCTION
GOVERNMENT OF THE REPUBLIC OF KOREA
SEOUL, KOREA**

Date issued: July 5, 1975

Notice of Prequalification

The Government of the Republic of Korea intends to hire the services of contractors for the construction of four two-lane national highways, namely Daegu-Masan, Seongnam-Icheon, Pohang-Yeongdeog and Beolgyo-Suncheon totalling in length about 195 km, and for the improvement and paving of about 600 km of nine national roads throughout the country. Firms of Member Countries of International Bank for Reconstruction and Development (IBRD), including Switzerland, are invited to apply for prequalification.

The works include 24 million cubic meters of earthwork, construction of 38 bridges and two tunnels (620 m and 309 m each), and pavement including asphalt concrete and double surface treatment. The works will be divided into twenty-two (22) contract sections.

The designs of the proposed works have been made by a group of consulting firms (Wilbur Smith and Associates/Louis Berger International/KAMPSAX).

The Government has applied to the IBRD for a loan to help finance said highway works. The Government intends to employ the services of a well known international consulting firm to assist supervision of the works.

Contractors interested in bidding for these works should first be qualified to bid and are advised to write to the FINANCE DIVISION BUREAU OF PUBLIC ROADS, MINISTRY OF CONSTRUCTION, SEOUL, KOREA for obtaining the necessary prequalification documents.

Completed applications for prequalification should reach the Finance Division of the Ministry before 5.00 p.m. on September 25, 1975.

Minister of Construction.

PUBLIC NOTICES

EAST SUSSEX COUNTY COUNCIL
£4m. Bills offered and £1m. issued today due 22nd October 1975 at 9⅝%. Applications totalled £35.75m. Total Bills outstanding £5m.

SOUTH GLAMORGAN C.C. BILLS
£2 mil. bls. issued 22.7.75, maturing 21.10.75 @ 9½%. Applic. tot. £14 mil. & there are £2 mil. bls. outstanding.

WALSALL METROPOLITAN BOROUGH COUNCIL
£2,700,000 Bills issued 23rd July, 1975, due 22nd October, 1975 at a rate of 9 31/64ths%. Applications totalled £24,100,000. These are the only Bills outstanding.

LONDON HOUSES AND FLATS

MAYFAIR
unique mews house on 2 floors in superb cond. 2 bedrooms, lounge, dining room, kitchen, bathroom, cloakroom, patio. Lease 46 years G.R. £100 p.a.
£45,000
Tel. 01-629 5454

PARLIAMENT

A matter of communication

BY PHILIP RAWSTORNE

MR. EDWARD HEATH, commanding the Commons yesterday with more authority than he ever did as Prime Minister, urged it to unite with the country behind the Government's pay policy.

"I believe it is inevitable and inescapable that the Government must take this action," he declared. "No other solution can act in time."

It was a speech of compelling force; overshadowing both front benches.

Hands deep in pockets, without a note, Mr. Heath chided both sides of the Commons for elevating their policies into doctrines — and in doing so, he lifted the debate above the often petty argument into which it was rapidly sinking.

"I believe it is vital that out of this debate to-day, to a nation faced with crisis, should go the view that we think this policy ought to have consent," he said.

He called on the Prime Minister and the other attentive occupants of the Government front bench to tell the nation exactly the size of the sacrifice it would have to make in terms of lower living standards and unemployment.

"I firmly believe that until the country is told this quite graphically, we will not get the response that is absolutely vital for our survival."

People had to be shown that it was their future that was at stake, he declared. "It is a matter of communication," he added with a wry smile—"and who am I to talk about that?"

At the end of his first intervention in an economic debate since last December, Mr. Heath was given a mighty cheer by the Tories and the congratulations of the Chancellor.

All that had gone before faded into relative insignificance. Sir Geoffrey Howe's abrasive attack on Mr. Harold Wilson and Mr. Denis Healey had been welcomed by the inhibited Tory benches.

But when it came to explaining the Opposition's tactics, the "shadow" Chancellor found himself trapped again in the unresolved maze of his party's policies.

Sir Geoffrey left the Commons in a stir of fury — which Mr. Wilson calmed with a soporific. But, reiterating the Government's determination to see it's policy through, he rebuked the Tories for their reluctance to support it. "Remorse which follows a hang-over is no basis for a lifetime of abstention," he told Mrs. Thatcher.

And, turning to his dissident Left-wing, Mr. Wilson told them bluntly: "A vote against the White Paper is a vote against the TUC decision. Still more it is a clear signal that we don't want their help and think we can do better on our own."

As the protests rose, he stamped firmly on them. "Don't pretend that you are safeguarding TUC interests. You are flying in the face of their decisions."

Jobless rise to 2m. 'not likely'

By Justin Long, Parliamentary Correspondent

POSSIBILITIES that unemployment might reach 2m. by the winter next year were discounted as "not likely in the Government's view," by the Prime Minister, Mr. Harold Wilson, in the Commons yesterday.

At the same time, he acknowledged that Britain was facing a very serious rise in unemployment when he parried questions prior to the conclusion of the big debate on the Government's anti-inflation policy.

Unemployment was common throughout the western world, Mr. Wilson pointed out as Tory MPs pressed him on the implications of the Government's intentions.

"The fact that unemployment has not risen as much in this country up to the present time, and that industrial production has fallen less and exports have been maintained, is no cause for satisfaction for anyone," the Prime Minister maintained.

"We are deeply concerned about the virulence and depth of the world depression which is now as bad as the 1930s in many respects."

Urged to give details of the Government's proposed reserve powers to deal with those who break the £6 a week limit on pay increases, Mr. Wilson was defensive. He said that Mr. Healey, the Chancellor, had already explained "in great detail" what the measures meant.

From the Tory backbenches, the Prime Minister was told that he ought to be grateful to the Opposition for not acting as "Scargill's fifth column" in an attempt to destroy the Government in its effort to combat inflation.

Mr. Robert Adley (C., Christchurch and Lymington), said that many people outside the Parliamentary Labour Party welcomed the way the NUM executive had agreed to the Chancellor's package.

But on the Labour Left Wing, Mr. Sydney Bidwell (Lab., Southall) urged the Prime Minister to continue to discuss with the TUC its attitude to the £6 limit.

Liberal Leader, Mr. Jeremy Thorpe, intervened to hope that the White Paper on anti-inflation would succeed. Nevertheless, the Liberals had "grave reservations" about the reserve powers. He suggested that it would be "much better" if Mr. Wilson were to disclose them to the TUC, the CBI and the Commons.

"Why is the Government being so coy?" he asked.

Mr. Wilson said MPs would have every opportunity to debate the Bill containing the powers later in the week. The Bill concerned, the Remuneration, Charges and Grants Bill, is due to be debated on second reading this afternoon. And again Mr. Wilson claimed that the Chancellor had already made a "detailed statement" on these matters.

Support for survival of democracy

WHEN THE history of our time comes to be written, the verdict on the Prime Minister's "13 Houdini years" as leader of the Labour Party would be harsh indeed, "shadow" Chancellor, Sir Geoffrey Howe, said in the Commons yesterday.

"He will be seen to have done more harm to the social and economic fabric of this country than any other party leader in our history" he added, to roars of approval from Conservative MPs.

Resuming the debate on the Government's anti-inflation White Paper, Sir Geoffrey said that the Opposition would not vote against the Government motion.

It was the duty of the Opposition to push and persuade the Government in the right direction and when the Government was moving in that direction to offer them support.

But he accused Mr. Wilson of attempting to deceive his party and the nation and ending up deceiving no one but himself. His years of office had been years of false expectations — "years in which the Prime Minister has taken up policies only to denounce them a few months later."

Referring to the Labour manifesto claim that the social contract lay at the heart of the Socialist programme to save the nation, Sir Geoffrey said: "If, in the last 15 months, we have been witnessing the saving of the nation. Heaven save us from the second coming of this particular saviour."

Sir Geoffrey urged the Prime Minister to spell out what reductions in living standards, cuts in social services and rise in unemployment must be faced.

There were angry exchanges after Sir Geoffrey said that the Government was now presiding over an unemployment increase from 588,000 in March last year to 810,000 this year with a prospect of something like 1.5m. next year. It was doing nothing and could do nothing to prevent that.

The Chancellor, Mr. Denis Healey, intervening, challenged Sir Geoffrey to answer the question which he claimed Mrs. Thatcher had failed to answer the previous day.

"How much unemployment would you tolerate as a result of these cuts in spending this year?" Mr. Healey demanded.

Sir Geoffrey replied: "We have reached a fine pass when anyone in this House has to take lectures from you." To Labour shouts of "answer the question," Sir Geoffrey retorted that Mr. Healey had failed to answer Mrs. Thatcher's question about reserve powers.

As Sir Geoffrey and Mr. Healey stood facing each other, their words drowned in shouts of support and jeers from the opposing sides of the House, the Speaker tried more than once to restore order.

Eventually, Sir Geoffrey resumed his speech saying: "We are now in such a situation where the prospect of unemployment for a substantial period ahead is inescapable."

Mr. Wilson would share with Ramsay MacDonald the "honour" of being the second socialist Prime Minister to preside over two million unemployed.

The Government was entitled to call for sacrifices for the economy but not to call for them simply for the sake of Socialism.

The way the Prime Minister had approached pay restraint had surpassed even his previous record in equivocation.

The Remuneration Charges and Grants Bill was simply another description for a Prices and Incomes Bill. The responsibility for enforcement of the policy would belong to Employment Secretary (Mr. Foot). He alone was to be prosecutor, judge and jury.

"We should not be surprised to find him going for the job as the Official Solicitor as well. Everything is to rest upon the sagging shoulders of the Commissar for Ebbw Vale."

Sir Geoffrey asked what had happened to the "phantom Bill" on reserve powers. "This is no way to treat Parliament. It is no way to treat the nation. We cannot be expected to vote for a phantom pig within a phantom poke"

When the time came for Mr. Wilson to stand firm on his commitments, the Conservative party would give him its positive and united support. "Not because he has done anything to deserve it —he certainly hasn't—and not because he is the best Prime Minister we have—because he certainly isn't that either—but because the survival of democratic government depends on this House of Commons giving its support to the elected Government."

Sir Geoffrey added, amid uproar on the Labour benches: "When the time comes for us to resume the Government of this country, we must hope that by then the Labour party will have found a leader with the guts to say the same."

Majority want White Paper policy to succeed—Wilson

THE PRIME MINISTER said that the Opposition had confirmed that they would not vote against the motion but they would vote against "the legislative vehicle which makes the White Paper a reality.

"I have never heard such humbug in my life."

A vote against the White Paper was a vote against the TUC decision. "Still more it is a clear signal from this House that we don't want their help and we think we can do better on our own."

Intervening, Mr. Eric Heffer (Lab., Walton) challenged Mr. Wilson on what he meant when he said a vote against the White Paper would be a vote against the TUC decision. Would it be a vote against the majority of 19 who voted in favour, or the minority of 13 who were against?

Mr. Wilson replied: "This will be a vote against the TUC general council." In a clear warning to any Left-wing Labour MP who was thinking of voting against the Government, he declared: "Don't pretend that you are safeguarding TUC interests. You are flying in the face of their decisions."

But Mr. Ron Thomas (Lab., Bristol N.W.) told him: "We see this as a piece of blackmail as far as the TUC is concerned."

Mr. Wilson stressed that any pay increases over the £6 ceiling would inevitably mean the loss of jobs. "Yorkshire's wage increase would have been Scotland's pit closure and that of Wales and other areas as well."

On reserve powers, Mr. Wilson said that the Chancellor had made clear in broad terms what would be in the Bill. There had been a number of queries and in discussions with the various interests concerned, the CBI, the Retail Consortium and others, problems were being turned up every day. "We cannot finalise this nor would it be right to publish it in legislation form."

On public expenditure cuts, Mr. Wilson said: "Not only the House but the country would like to have the privilege of Mrs. Thatcher's secret thoughts about those items of expenditure which ought to be cut and I am disappointed yet again by her response yesterday."

It was clear that the total of her expenditure reductions would add up to far less than the increased expenditure which she had so frequently called for, in areas such as defence.

Attacking her charge that food and council house rent subsidies were indiscriminate, Mr. Wilson asked: "Has she no sense of the psychology of ordinary people? Has she no sense of what the impact would be of rent increase notices of a quid a week at this time?"

Mr. Wilson said that projects put forward by the Opposition in the past year, excluding the abolition of rates, would have added £3bn. to public spending. Added to this was Maplin, the Channel Tunnel—"and they talk about cutting Government expenditure."

He was still not clear how the Opposition intended to vote that day still less how they were going to vote to-day on the Remuneration, Charges and Grants Bill. "I'm not sure they are all that clear themselves.

"I understand Mrs. Thatcher now intends not to oppose the White Paper but to vote against the legislative vehicle necessary to support the White Paper policy. This is an incredible policy. If this is true, it means they would abstain on the aim to-night and reject the means to-morrow."

Mr. Wilson said the Opposition should realise the gravity of their proposed course of action. "They know the majority of people in this country, of all parties, desperately want to see the White Paper policy succeed."

Heath says he agrees

FORMER TORY Leader Mr. Edward Heath said he gave "an unequivocal 'Yes'," to the White Paper policy.

"It was necessary that a voluntary policy should be supported by sanctions—" and this is, I would say to the Prime Minister, where he should not make it more difficult than necessary for those who wish to support his policy to do so.

"To say that the Bill is prepared and not to bring it to the House is indefensible, but even more so is to give no reason for not bringing it to the House. That is offensive."

Mr. Heath said that he agreed with the Prime Minister that a policy could only function with consent. "Consent is necessary over a far wider field than the trade unions, the CBI and the Government," he added.

"Consent is required of the great majority of people who do not belong to a trade union and consent is also required of this House.

Mr. Heath said it was also essential to make sure that people knew exactly what was meant by a reduction of their standard of living, because that was what they faced, in order to combat inflation.

"I firmly believe that until the country is told this quite graphically, we will not get the response vital for our survival."

He also believed that the stand Mr. Healey was taking on the wages front was not going to deal with inflation. He warned that those workers making their settlements in the autumn were going to find "a continuous and rapid rise in prices," and would blame the Government for having "mislead" them.

Industry Bill scurry

BY JOHN HUNT

THE GOVERNMENT is considering introducing a tight "guillotine time-table" to speed the Industry Bill through its final stages in the Commons in an attempt to get it on the Statute Book before the House rises for the summer recess.

This is the only way it can avoid the embarrasment of bringing back the Bill in October to complete its passage during the short "spill-over" period from the present session.

Whatever happens the Government is determined to get the legislation through Parliament this session and has every chance of achieving its objective despite the sweeping changes introduced during the Lords committee stage which started on Monday.

The introduction of a guillotine yet again in order to get the Bill through will certainly anger the Tories in the Commons. A hint of the Government's intention was given yesterday by Mr. Eric Varley, the Industry Secretary, speaking at a Commons Press Gallery lunch.

He accused the Tories in the Lords of doing "terrible things" to the Bill and promised that the Government had methods of dealing with this when it was returned to the Commons. There would be a lot of "cleaning up" to do, he said.

In fact, the opposition from the Conservatives and Liberals in the Lords has proved so stiff that the committee stage which was planned to end there on Friday, is now likely to be extended to next Monday.

A week will then have to elapse before the Lords report stage and third reading can be taken. So the earliest the Bill can complete its passage in the Upper House is by Monday, August 4, the beginning of what will probably be the last week of Commons business before the recess. The Government will have to rush it back for consideration by MPs during that week.

The main Government task in the Commons will be to reverse the two Conservative Lords amendments which prevent the NEB from extending public ownership into profitable areas of manufacturing industry and from establishing its own industrial undertakings to compete with private industry. It will also attempt to remove the Liberal Lords amendment which limits the NEB to providing employment to those cases where the employment is of a productive nature.

Apart from these amendments, the only major non-Government change to the Bill has been the introduction of Schedule 4 which stipulates that the Treasury shall provide information on a wide range of economic topics to other Government departments and to "any other person."

The schedule was originally put into the Bill at the instigation of Dr. Jeremy Bray (Lab., Motherwell and Wishaw). The Government suffered two heavy defeats in the Commons when it tried to remove the schedule.

But during the Lords committee stage later this week, the Government will give its backing to an amendment which seeks yet again to strike out the schedule and replace it with another version under which the Treasury would publish its forecasts twice a year.

If everyone gets £6 . . . .

IF EVERY worker in Britain earning less than £8,500 a year was given the maximum pay rise of £6 a week it would cost £5,600m. Employment Minister of State, Mr. Albert Booth, said yesterday in a Commons written reply.

About 120,000 employees in Great Britain earned more than £8,500. Their earnings totalled about £1,300m. a year, he added.

Second Minister faces local party critics

BY RICHARD EVANS, LOBBY CORRESPONDENT

A SECOND member of the Cabinet, Mr. John Silkin, Minister for Planning and Local Goernment, is now in trouble with his local constituency Labour party. A demand for his resignation from the Cabinet will be made at a meeting to-night.

Mr. Silkin, MP for Deptford in south London—on the other side of the Thames from Newham NE—is facing angry criticism from a section of his supporters because of the Government's White Paper on incomes policy.

Unlike the attack on Mr. Reg Prentice, Minister for Overseas Development, in Newham opposition to Mr. Silkin is not personal and there is no move to oust him from his Parliamentary seat. The implications are that Mr. Silkin also faces a far less vocal and well-organised opposition than does Mr. Prentice

One member of Mr. Silkin's local party, Lewisham councillor Mr James Wheeler, said he intended to move the non-acceptance of Mr. Silkin's Parliamentary report on the grounds that the Minister should resign as a member of the Cabinet.

"I feel the whole Cabinet should resign because they have contravened pledges that party activists have worked for. This is to express to Mr. Silkin the depth of our feeling about how we consider the Government has reneged on the policies we fought for, and Mr. Silkin's joint responsibility for that.

"There is no move to get rid of him, but there is a strong feeling that he should leave the Cabinet. I don't think our party would go much further than that unless he did something blantant," said Mr. Wheeler.

Mr. Silkin is one of 14 Cabinet Ministers apart from Mr. Wilson who have publicly expressed support for Mr. Prentice in his troubles with his own constituency party. These come to a head to-day when the local general management committee at Newham NE meets to vote on whether Mr. Prentice should remain as MP after the next election.

LABOUR NEWS

GMWU seeks £6 increase for all its members

BY JOHN ELLIOTT, LABOUR EDITOR

A WARNING to employers not to try to negotiate pay increases below the £6 limit of the Government's new anti-inflation policy was issued yesterday by the country's third largest union, the General and Municipal Workers.

In a statement pledging the union's active support for the policy, the GMWU general council yesterday firmly lined itself up behind the limit by stating that its negotiators would be "instructed to seek £6 increases for all our members as a straight supplement to existing earnings."

This statement is in sharp contrast to the GMWU's tactics during the past year, when it exploited all possible aspects of the TUC's last wage guidelines to bring its members increases in key public sector industries up to a total of around 30 per cent.

Yesterday's statement shows that the union, which with the Transport and General Workers' Union, dominates several key public sector areas, intends to ensure that its officials stick to the letter of the new policy.

But the sting in the tail for employers who are hoping to exploit the fact that the Government's White Paper refers to the £6 only as a maximum and not a norm came when the GMWU also said: "We expect all employers to agree to the £6 figure."

This means that the GMWU will officially support at national level any negotiators who find employers refusing the £6. Such support could well involve official strikes, action which the TGWU is also expected to be willing to use to the same end.

So far the GMWU has not met any such resistance, but its its officials believe that employers in the textiles and other low-paid industries may aim at a lower figure.

The GMWU is also to launch a propaganda campaign with leaflets and special meetings of members to explain the necessity for the £6 pay limit. "We recognise the seriousness of the economic situation and the necessity to de-escalate the level of domestic inflation," Mr. David Basnett, the union's general secretary, said after his general council had met yesterday. "Our whole economic future is dependent on the success of the policy."

The GMWU's announcement came on the eve of to-day's monthly meeting of the TUC general council, the first since the White Paper was published. Although it may not vote on the policy, swings in the views of some key unions and their leaders, such as the Shopworkers and the Miners, indicate that there is now a two to one majority for the policy on the council.

Atom men accept £6 increase

By Christian Tyler, Labour Staff

ONE OF the first pay demands from the public sector for settlement under the new wage curbs was made yesterday, with a spokesman for atomic power workers' unions reluctantly agreeing to accept the £6 limit.

Preliminary talks with the the Atomic Energy Authority ended with the unions, who had launched claims for rises of 50 per cent. and more, deciding to report back to their 4,500 members on the AEA's determination to honour the guidelines.

But Mr. John Cousins, a national secretary of the Transport and General Workers Union, and chairman of the union side, said all the unions (including the anti-guidelines Engineering Union) had reluctantly accepted the TUC's new policy. They would thus be pressing for £6 a week rise from October 1, anniversary of the last agreement.

Before the anti-inflation White Paper was published, the unions had demanded £24 a week more for craftsmen and £20 for general workers.

Confusion

But there was some confusion yesterday, since the Authority implied that all threshold money paid to the 4,500 workers since last October (£4 a week so far) would have to be offset against the coming October deal.

Quoting the White Paper, a spokesman said: "We think it very unlikely that further increases in the retail prices index up to September will bring total increases to as much as £6."

This implies that something well under £2 a week would be available from October 1. However, the Department of Employment says the relevant section of the annex to the White Paper means that only threshold increases after the beginning of next month will have to be off-set.

Furnacemen's strike threat lifted

BY JOHN WYLES, LABOUR REPORTER

THE THREAT of a national strike by 13,500 British Steel Corporation blastfurnacemen was lifted yesterday when union leaders accepted an offer which will raise pay 24 per cent. above last year.

This is one of the few remaining public sector deals left from the last wage round and, although a strike by the National Union of Blastfurnacemen would not have been against the new £6 policy, it would have soured the harmonious atmosphere which Government and TUC leaders are currently working hard to develop.

The new agreement will operate from the beginning of this month. In broad outline, NUB negotiators have accepted an offer which was rejected by the union's national conference a fortnight ago and union leaders may well face sharp criticism for failing to act on the conference's instruction to lodge a two-week notice of a national strike if BSC's offer was not improved.

The union, however, was under intense BSC pressure to accept proposals which have formed the basis of settlements with the unions representing the Corporation's other manual workers.

The offer provides for 14 per cent. "new money" on top of consolidation of existing thresholds, worth about 10 per cent. In addition the BSC has agreed to make a further "adjustment" to pay levels in January, leaving the next full pay review for all its employees until January 1977.

Steel union leaders claim this means they have in effect made seven-month agreements. Following the publication of the Government's anti-inflation White Paper, though, the BSC will want to know from the Department of Employment whether it can make a cost of living adjustment next January or whether this is ruled out by the White Paper's insistence on a 12-month interval between "major pay increases."

AUEW undertakes own survey of engineering pay

BY OUR LABOUR CORRESPONDENT

THE AMALGAMATED Union of Engineering Workers, which has for some time been critical of Government wage statistics, is to carry out its own survey of earnings in the engineering industry.

This decision was taken by the AUEW (engineering section) executive yesterday following the publication on Monday of Department of Employment figures showing that basic weekly wage rates rose by 32.2 per cent. over the past year.

Mr. Hugh Scanlon, AUEW president, said yesterday that his union challenged the impression given by those figures that his members had received pay increases of that order or that they benefited much from the £4-a-week basic rate increases in the industry which caused much of the 3 per cent. May rise in index of basic rates.

The AUEW's traditional argument is that while basic rate increases may be significant in most industries, their effect is minimal for the 3.5m. workers in engineering where earnings are set through local bargaining. This is because only minimum rates and conditions are negotiated nationally, and these trail behind what is already being paid in many parts of the country as a result of local or plant negotiations.

It is clear that the union wants the results of the survey in time for the next national increases of up to £4 a week payable in November when the national minimum craftsmen's rate rises to £40 under the second stage of their national agreement. A third stage next February gives further increases of up to £2.

Further £8.5m. for State

THE GOVERNMENT is to inject another £8.5m. into state job training programmes, mainly in order to help school-leavers.

Bleak prospects for this summer's school leavers have been highlighted recently, along with a revised Whitehall forecast that unemployment generally will rise to 1.5m., not 1m, as earlier forecast next year.

The boost for training was disclosed by Sir Denis Barnes, chairman of the Manpower Services Commission, yesterday. It comes on top of a £50m. allocation for the next two years announced in the Budget.

As well as supporting apprentice recruitment schemes, the extra money will go into training unskilled workers to become craftsmen.

New challenge to Bob Wright

LEFT-WINGER Mr. Bob Wright, who was defeated recently in a bid for the general-secretaryship of the Amalgamated Union of Engineering Workers, faces a Right-wing challenge when his executive seat comes up for re-election in October.

The sole challenge for his position as executive member for the Midlands and the North-West comes from Mr. Terry Duffy, an assistant divisional organiser in the Midlands who, together with Mr. Wright, were the only nominations accepted out of six put forward.

Mr. Wright lost the ballot for the general-secretaryship to staunch anti-Communist Mr. John Boyd, who was the union's Scottish executive member. The battle for that vacancy is likely to be between Mr. Gavin Laird, Scottish regional organiser, and Communist Mr. Jimmy Reid.

Union chief to join ACAS

MR. JOE KING, 60, is to leave his post as joint general-secretary of the Amalgamated Textile Workers' Union in September to take up an appointment with the Advisory, Conciliation and Arbitration Service.

Mr. Fred Hague, joint general-secretary with Mr. King, will be sole general-secretary.

£6 rise 'would set tax trap for low paid'

A WARNING to the Chancellor that unless he raises the income-tax threshold then the new £6 pay ceiling will leave many low-paid workers worse off is given to-day in a report by the Low Pay Unit.

The report claims that a worker earning the TUC minimum wage of £30 a week with two schoolchildren will be 85p a week poorer as a result of a £6 pay rise. This is because he will be paying an extra £2.43 a week income-tax and national insurance and will lose £1.12 rent and rate rebates, £1.80 family income supplement plus £1.50 school meals.

According to the Low Pay Unit, the tax threshold is lower than it has ever been. Ten years ago a married man with two children did not start paying tax until he earned well over three quarters of average industrial earnings. After the April Budget the same man became liable for tax when his income reached less than half average earnings.

The £6 Trap, by Sue Ward and Chris Pond. Low Pay Paper No. 6. July 1975. 50p.

Shop stewards' network plan

SHOP STEWARDS from several of Britain's biggest groups of companies are to form a "committee of 100" to co-ordinate activities in most of the country's largest industrial concerns.

The committee, which will be composed of senior stewards, will be involved in working out a joint policy on the operation of Industry Bill proposals like planning agreements and disclosure of information. Members will exchange information on conditions and agreements in individual companies.

The organisers, who describe the body as a "kind of industrial parliament" also see promotion of worker-participation and control of multi-national companies as major aims. They will set up an organising committee at a conference to be held in the autumn.

The shop stewards took the decision to go ahead at an informal meeting during a major conference on worker control in Sheffield last week-end.

At first, the companies involved will be the 14 who have "combine committees," that is, nationwide shop stewards' organisations representing all the companies in a group. These include Ford, GKN, British Leyland, Rolls-Royce, Lucas, Swan Hunter, Chrysler, GEC, Tube Investments, ICI, Shell and Vickers.

The committee then hopes to persuade all the other 180 biggest companies to form combine committees and send representatives to the national shop stewards' committee.

Mr. Jim Murray, secretary of the national combine committee of the Vickers group, said: "There is a gap to be filled between the shop-floor worker and the organisations of the Labour movement. We aim to fill this vacuum and to complement rather than supplant the existing trade union organisations."

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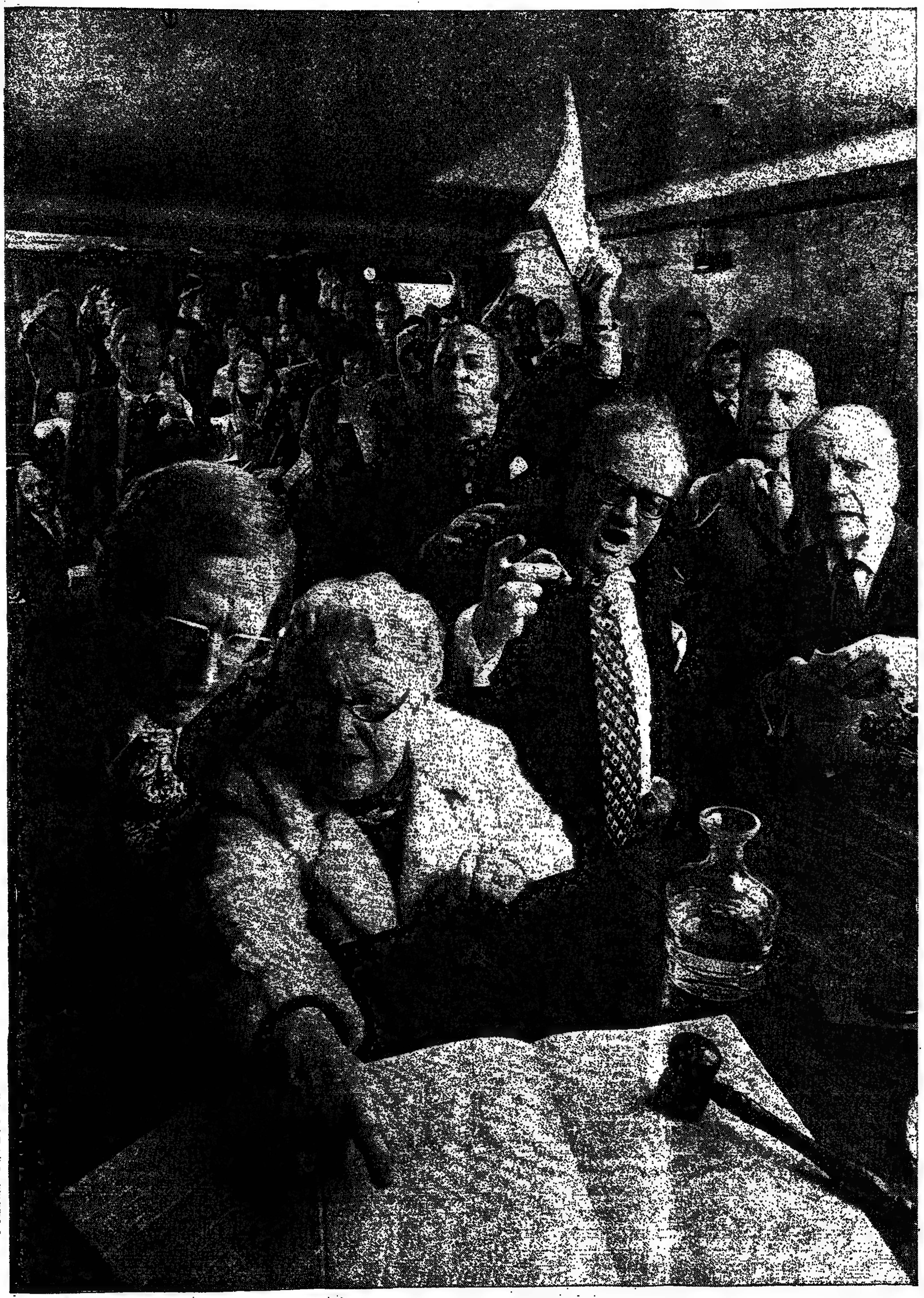

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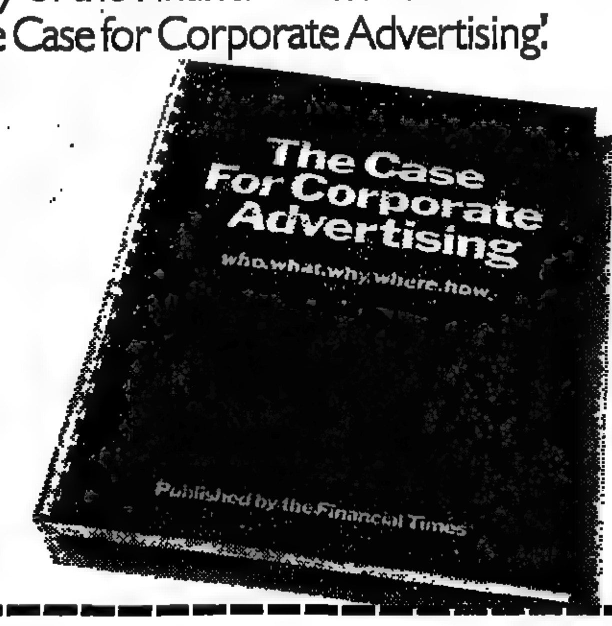

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The Executive's World

Conservatism pays off at Daimler-Benz

BY JAMES ENSOR

Export director Heinz Hoppe, (left) and Board chairman Joachim Zahn, (right) are the chief architects of an export policy which has depended on very careful preparation and service, as shown in the British depot, (centre)

IT WAS an impressive affair. Shareholders filled three separate halls of the Mercedes Museum in Unterturkheim, watching the proceedings over closed circuit colour televisions, their free packed lunches on their laps. The Supervisory Board, with Dr. Friedrich Karl Flick, Dr. Herbert Quandt and the representatives of Germany's three big banks the Deutsche, Dresdner and Commerz, sat impassively at a long table on a raised dais, flanked by the worker's representatives and the Management Board.

With over 2,000 shareholders, representing over 90 per cent. of the shares present, the Daimler-Benz Annual General Meeting is possibly the biggest affair of its kind in Germany. The shareholders, called to the rostrum one by one, by name gave long-winded and generally congratulatory speeches. A few complained of delivery delays on their own Mercedes, a few rambled about the Wankel engine or pollution, and some drew comparisons with the stormy meeting held by Volkswagen at Wolfsburg, the week before.

The tone of most of the speeches was congratulatory. The shareholders were well pleased that Dr. Joachim Zahn, chairman of the management Board, and his management team have steered Daimler-Benz serenely through the whirlpools and rocks that have struck many of its rivals in the past year. For the first half of 1975, Dr. Zahn was able to report an increase in both domestic and export *sales*, an *increase* in truck output and even a small rise in car output. Employment has been reduced by just 2,000, through voluntary wastage. In 1974, profits declined by only 2.9 per cent. and the dividend was maintained a creditable achievement in the worst slump that the European motor industry has experienced since the Thirties.

Dr. Zahn *in his speech* to the shareholders dwelt on the main reasons for Daimler-Benz's surprising state of health. The Board has always pursued a cautious path of expansion, never allowing capacity to rise *by more than about 15 per cent.* in a year, and building up, at times, long waiting lists for both cars and trucks. Thus in 1974, when consumer confidence, particularly in Germany, slumped badly, Mercedes was able to live off its order book.

But this is only part of the explanation. The real cause lies in a strategy developed progressively by Dr. Zahn since about the mid-sixties. At that time, Daimler-Benz sold its loss-making Audi car activities to Volkswagen, thus abandoning the medium car market and concentrating exclusively on the top end. The money was used to finance the building of the big Worth truck plant, the largest and probably most efficient truck production centre in Europe.

Philosophy

Mercedes also developed a philosophy that whilst its car production should be a specialist, high quality business, *disdaining the high volume markets*, trucks were to aim for high production volumes with the greatest degree of rationalisation. Essentially, Daimler-*Benz also decided on* a German-centred orientiation: answering a question about multinationalisation, Dr. Zahn remarked unequivocally "Daimler-Benz is a German undertaking, which is world-wide in its activities.

In keeping with this attitude, Daimler-Benz has continued to invest *heavily*, despite the poor outlook in its major markets. "Since December 1973, we have continued the three billion mark (about £600m. at current rates) investment programme unchanged" Zahn announced. This year, the company will spend 800m. Marks, three-quarters of it in Germany and most of that directed to further rationalisation of truck output. Overseas, the concentration of investment is in Brazil, where Mercedes dominates the rapidly expanding truck business with locally built products.

It is the trucks, particularly in overseas markets, which have *saved Daimler-Benz from the* embarrassing lay-offs which have affected so many of its rivals. For while car production in the first half of 1975 just matched that of 1973 (before the energy crisis) output of heavy trucks has doubled. Mercedes, already Europe's largest producer of trucks over six tons, has been able to win new markets, particularly in the Middle East.

Sales to Iran, this year, are running at double last year's level and exports to the Middle East, as a whole have doubled in two years. Daimler Benz's export director Herr Heinz Hoppe, whose early career was spent establishing the car sales network in North America, has spent the last couple of years concentrating on the Middle East. In a sub-continent almost devoid of railways, industrialisation implies big demands for trucks and *Mercedes has been* prepared to cater for it.

With the Middle East now accounting for almost as much business as North America, *Mercedes has been* able to take up the slack in Western European and domestic demand. Export sales have increased by half in two years, whilst *domestic sales* have increased by only 14 per cent. Herr Hoppe has now turned his attention to Eastern Europe, which he regards as a market of huge *untapped potential for Mercedes* trucks and even for modest numbers of cars—despite their obviously capitalistic connotation.

As for the Kuwaitis, who are now 14 per cent. shareholders in Daimler-Benz through purchasing the Quandt shares in a private deal, Dr. Zahn remarks that "Mr. Hoppe has had considerable contact with them and there is a harmonious link for both sides. Sales are good there and we have sold about 1,000 passenger cars a year." The Kuwaitis *seem content* to vote their shareholding through the Dresdner Bank, without demanding any special consideration.

The other major constituent in Daimler-Benz's insulation from market setbacks has been *the flexibility of its production* programme. It has taken some hard knocks, particularly in van production—down by 40 per cent.—and in its bigger cars, which dropped by 36 per cent. But production, though rising, has become unprofitable because of the need to compete in export markets with lower cost producers, like the British.

But except in the light truck and van production centres at Hannover and Kassel, which were bought with Hanomag—Henschel, Daimler-Benz has been able to absorb these blows without short time working or large redundancies. In the car division, production was simply switched to diesels, which have *enjoyed a huge market in* Germany and the U.S. since petrol prices were increased. Diesel cars now account for 40 per cent. of car production, or rather more than the S Klasse luxury saloons.

Expansion

The drop in output of light trucks was countered by a big expansion at the heavy end and the conversion of some of the assembly plants bought with Hanomag-Henschel to manufacturing components for the Mercedes trucks. Production overseas, particularly in Brazil, has also held up well and Daimler-Benz is now engaged in a substantial expansion of its jointly owned subsidiary in Iran.

Zahn foresees problems in the future. High production *costs in Germany, with labour* costs that he estimates are some 5 per cent. above the U.S. and 50 per cent. above Britain's, make it progressively harder to increase exports. Lack of long term growth prospects in some major markets will make it increasingly hard to insulate the company from the cyclical pattern of its markets. But Zahn, like most of the members of his Supervisory Board, trained in the cautious school of banking, dismisses those who fret about the future as unduly pessimistic.

BUSINESS PROBLEMS BY OUR LEGAL STAFF

Tax on foreign dividends

On April 3 last I received two foreign dividends, one in sterling, one in Australian dollars, both from the same company. The sterling payment attracted tax at 33 per cent., the dollar at 35 per cent. My bank maintains tax is levied according to date they receive payment that is May 29, my brokers say date of dividend payment decides tax rate, that is April 3. Would you kindly advise me as to who is right?

Your bank and your broker are probably both right. The deduction of tax from the London register and Australian register dividends at different years' basic rates is almost certainly correct, with the consequence that the London register dividend should be reported in your return of income of 1974-75, whilst the corresponding dividend on the Australian register shares should be reported next spring in your return of income of 1975-76, in accordance with section 528(3)(a) of the Taxes Act (as amended).

This odd situation results from the provisions of subsections 2 and 3 of section 159 of the Taxes Act. Briefly, London register dividends are governed by subsection 2, under which the date on which the dividend falls due and payable is the determining factor; oversea register dividends, on the other hand, are governed by subsection 3 under which the important date is the date of realisation of the sterling proceeds by the U.K. bank etc. The income tax certificate issued by your bank should show the date of realisation (as required by the official form R189), but unfortunately this crucial date is often omitted by banks, particularly those which use privately printed forms of tax certificate.

Dividend limitation

A company increased its gross dividend by 5 per cent. for its year which ran from 1 April, 1972 to 31 March, 1973, would it be legally permissible *for the dividend for the following year* to be increased by a further 5 per cent.?

The 5 per cent. limit provided in the 1973 order was a yearly rate, so that there could, in successive years have been *two 5* per cent. increases. This related to publicly quoted companies, not to private companies.

First letting and material development

I have finally obtained consent to use premises I own, formerly used for wholesale business purposes, for retailing. The site is zoned for shopping and the main structure will not be altered. Could I be liable for a material *development, or* first letting charge in the event of disposal?

From the brief details given you appear to be outside the scope of the first-letting charge.

If the current use of the premises *is as an office, you are* probably outside the scope of the development gains charge as well, since a change of use from an office to a retail shop is not material development, for the purposes of the tax (paragraph 8 of schedule 3 to the Finance Act 1974).

If the current use is not as an office, then a disposal (whether before or after the actual change of use) could give rise to a development gain, but it is not possible to advise you in detail. A helpful free booklet (CGT10) has recently been produced by the Inland Revenue, and should be available from your local tax offices.

Tax on furnished lettings

I have a fully furnished house which recently I have been letting. The Tax Inspector informs me that for the first year actual income to April 5 is assessable, for the second year income of the first 12 months is assessable and for the third year income of the 12 months ended on the previous April 5 is assessable. In arriving at my income I have claimed (with his approval) an annual *depreciation of furniture* of 15 per cent. on a reducing basis.

I have therefore claimed — first year 22.9.72-5.4.73 depreciation of furniture 28/52 of £2,500 (agreed valuation) X15 per cent. or £202, second year 22.9.72-22.9.73 depreciation of furniture 15 per cent. of £2,500 (£375), third year 5.4.73-5.4.74 depreciation *of furniture* 15 per cent of £2,298 being written down value at end of first year. This seems to me just the same as the method used when arriving at the profits of a company when considering plant depreciation. The Inspector has replied that the depreciation should be first year £202, second year £173, 3rd year £320, i.e. on a reducing basis throughout. Could you please comment?

If the profits from the furnished letting have consistently risen year by year, and are likely to continue to do so, you may well wish to accept the inspector's proposed basis of assessment. Under S.67(1)(4), ICTA 1970, however, the assessments should be made under case VI of schedule D (subject to a right of election to have the assessment split between schedule A and schedule D case IV) so that each years assessment would be on a current-year basis and your disagreement over calculation of the wear-and-tear allowance would disappear. The right of election for the rent to be analysed into two elements, one assessable under schedule A and one assessable under schedule D, is unlikely to be of any benefit to you and has expired for 1972-73.

From the brief details you give, *we are inclined to recommend* acceptance of the inspector's proposals, which appear reasonably generous, having regard to the strict rules that might be invoked, but you may well be able to persuade him that consistency requires the wear-and-tear allowance for 1973-74 and 1974-75 to be £345 (viz 15 per cent. of £2,298) and £293 (viz 15 per cent. of £1,953) respectively.

*

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

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WEDNESDAY, JULY 23, 1975

Modernising steel

The results of the British Steel Corporation for the financial year which ended nearly four months ago are not nearly as good as they may appear at first sight. Admittedly it was the best year, from a purely financial point of view, in the Corporation's history. Profit before tax (which had been only £9m. in 1972/73) rose from £56m. to £89m. and the average rate of return on net assets was 8.9 per cent., an improvement on the official target for the industry. But almost the whole of this profit was earned in the first half of the year.

Even while demand (especially export demand) was high, supplies were too often restricted by unofficial strikes. As the year went by, not only did industrial unrest continue but costs rose even more steeply than prices, and profits dropped to a very low level. Over the year as a whole steel deliveries fell from 18.1m. to 15.1m. tonnes while the number of employees in the industry actually rose again, from 220,400 to 228,300. These weaknesses have become only too apparent since the turn of the year and a drop in demand which has forced the Corporation to operate well below full capacity—a situation which underlines the fact that much of its plant is obsolete. Losses are now running at a rate of around £5m. a week, and there is little sign of an early improvement. Indeed, the Corporation expects total demand to begin rising again in the second rather than the first quarter of next year.

Plant closures

The problem at present is to press ahead with a modernisation programme which is intended to transform the efficiency and profitability of the nationalised steel industry, at a time when not only is the Corporation making losses but when the rising level of unemployment makes it more difficult than ever to carry through the closures and effect the large-scale redundancies which are an essential part of a plan agreed long ago. The kernel of the modernisation programme, in fact, is to concentrate production and with the help of new plant to bring about a major improvement in labour productivity. It is the obsolescence of much of the Corporation's present plant and the unnecessary size of its labour force which makes its uncompetitiveness the more obvious as demand falls below capacity.

Temporary subsidy

Whether the replacement of Mr. Benn by Mr. Varley has brought about any great change in the Government's attitude to plant closures remains to be seen: the longer they are delayed and the worse the financial position of the Corporation becomes, the more difficult it will become to break out into the new and profitable ground at which the Corporation has for so long been directing its efforts. Plainly the capital investment programme should go forward, whatever the immediate financial position of the Corporation, especially when the economy as a whole is operating well below capacity. But if obsolete plants are not to be simultaneously closed, the benefit of modernisation will be largely lost to the Corporation. Two general points—both relevant to the proposed temporary employment subsidy—are worth making.

The first is that the purely social cost of preventing a rise in unemployment in particular areas should be borne by the Government directly and not allowed to upset the strained finances of the Steel Corporation itself. The second, which has application far outside the steel industry, is that it is not enough merely to provide an employment subsidy. The emphasis in this scheme should be on its temporary nature, and the main object of it should be to provide a breathing-space in which workers who have become redundant through technological change can be trained in new skills. The present rise in unemployment, which is certain to be higher than those to which we have been accustomed since the last war, should drive home the need for providing training facilities and encouraging the mobility of labour on a much larger scale than has so far been attempted.

A strong hint on interest rates

ONE of the more curious features of the run on sterling which led up to the shotgun conversion of the Cabinet and TUC to a £6 compulsory pay limit was the lack of any action on interest rates. There are well established arguments for a long-run control of the money supply, which would allow both interest rates and exchange rates to be determined by market forces. But it is quite apparent that this point of view is regarded with some distaste in the Bank of England, where strong views are held both on interest rates and the sterling exchange rate.

Differential

If large withdrawals of sterling balances from London are to be avoided, the differential between British and overseas interest rates must compensate for any expected depreciation of sterling, which in turn depends on views on international inflation rates. As the authorities are operating an interest-rate policy, there was a strong case for a sharp rise in the minimum lending rate a few weeks ago to offset the large gap between inflation rates in the U.K. and other countries.

One reason why this was not done was that the Bank and Treasury came to the conclusion that the depreciation in sterling had to be halted, for fear of a withdrawal of oil producer funds. They did not believe that this could be done by monetary or interest rate policy and came to the conclusion—which they had long believed for other reasons—that a compulsory incomes policy was necessary. But the inclination to abandon genuinely floating rates, towards which many politicians and officials had never been reconciled, needs more discussion than it has so far received in Parliament.

There has now been a new development which has puzzled and even somewhat angered, the financial markets. Having had its way on incomes policy, the Bank has forced the discount market to borrow very considerable sums for seven days at the Minimum Lending Rate. This has been widely interpreted as a sign that the Bank would like to see the Minimum Lending Rate go up appreciably from its present 10 per cent. level on Friday.

The immediate impulse is understandable enough. The main force at work has been the continuing rise in U.S. short-term interest rates. The three-months Interbank rate is only 2-3 per cent. above the three-months Eurodollar rate. This may not be regarded as a sufficient differential even taking into account the expected decrease in the British inflation rate. There are differences of opinion about what is really happening in the U.S.

Forecasting

It would be absurd to pretend that short-term economic forecasting is nearly good enough to decide between these opinions. It is also understandable that the Bank should want to take no chances with potentially volatile holders of sterling balances among the oil producers. But the criticism voiced in the gilt-edged market is that any sudden rise in rates will disappoint and disillusion those who bought very large amounts of the new long stock, and that the future funding of the very large Budget deficit will be jeopardised.

The outcome is likely to depend on entirely unforeseeable world interest rate movements. But the determination to hold the sterling rate at all costs still needs to be queried. Even on the most optimistic assumptions about incomes policy, this could cause a quite unnecessary loss of jobs in this country.

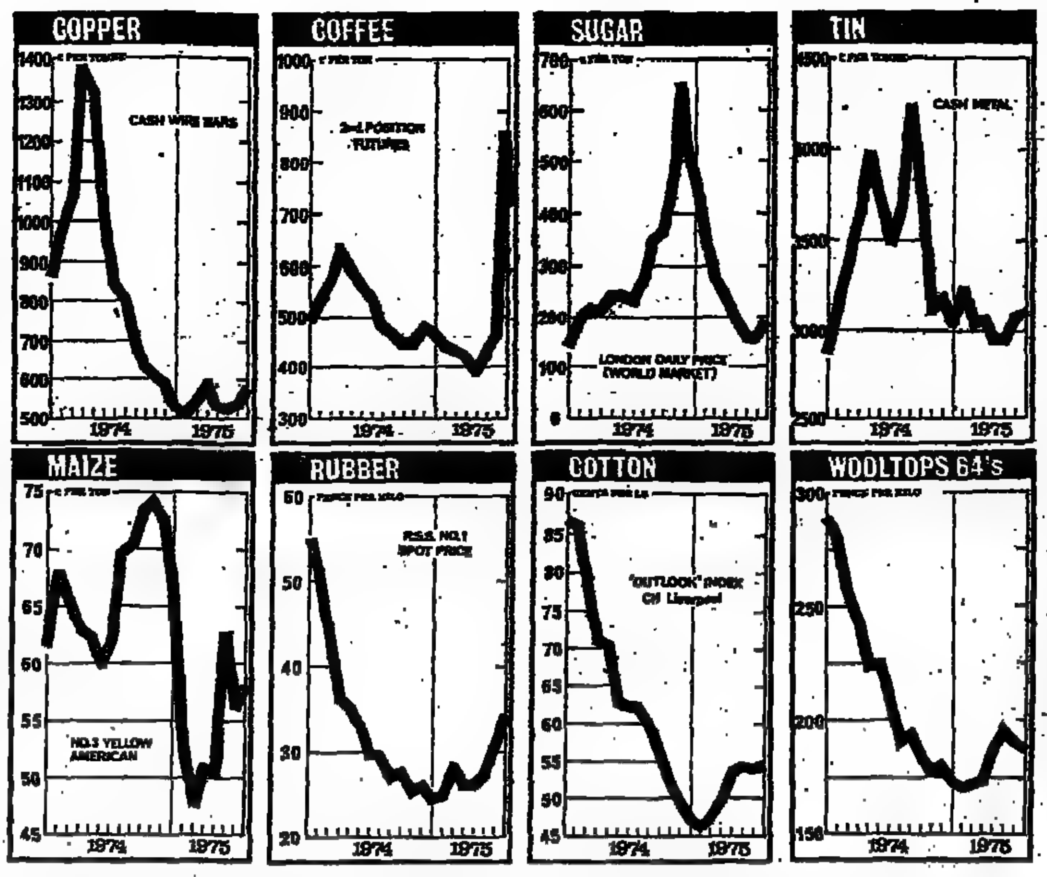
New Soviet grain deals and coffee price rises have set off speculation in the commodity markets

Monitoring the early warnings of another commodity boom

By JOHN EDWARDS, Commodities Editor

THE unprecedentedly sharp rise in coffee prices over the past few days as a result of widespread damage to coffee crops in Brazil, and the news of further large grain purchases by the Soviet Union, have touched off another bout of speculation about the future trend of the commodity markets. The coffee price explosion may well be "just one of those things" and simply indicate how widespread the reaction can be when a natural disaster hits a valuable, growing crop: but the Soviet Union's purchase of about 11m. tons of wheat, maize and barley from the U.S. and Canada plus 750,000 tons of wheat from Australia certainly poses the question "does this herald another commodity boom?"

This question is being asked by those who see a direct parallel between the present state of the commodity markets and the situation in mid-1972, when the start of the spectacular rise in the prices of virtually all raw materials fuelled the rapid growth of inflation throughout the world.

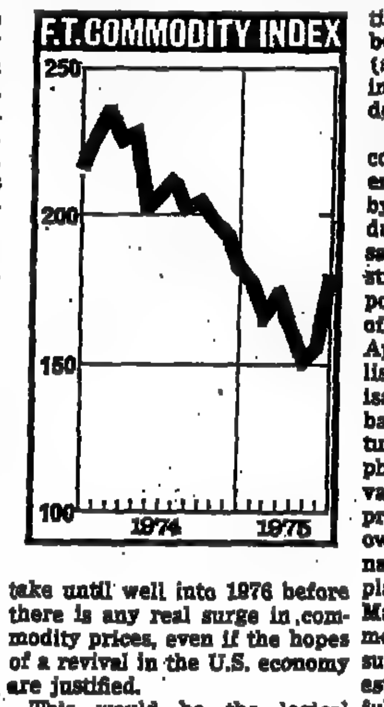


Stocks reduced to minimum

On the face of it, the similarities are disturbingly strong. Low consumer demand had forced commodity prices to a point where many were being sold below the cost of production and no new investment was being attracted to allow expansion to keep pace with the natural growth of consumption by a world with an increasing population. Consumer stocks have been reduced to a minimum, and producers have cut back output well below 100 per cent. capacity levels. At the same time the world monetary system remains in disarray causing considerable doubt among trading countries about the "real" value of the payment they are likely to receive for their goods. Add to this the fact that commodity prices seemed to have reached a low point, from which the only way is up, and that there are now real hopes of a revival in the U.S. economy as well as a better outlook for Japan—two of the major raw material consumers.

There are considerable differences, however, between the present situation and that of three years ago. Then, the setback in Soviet crops was accompanied by similar disasters in several other important consuming or producing areas, and it was this that put the real pressure on available supplies. Now, however, it appears that apart from Brazil the Soviet Union is almost the only major agricultural producer to suffer crop setbacks; prospects elsewhere are looking either good or very good. Any extra demand from the Soviet Union, therefore, could well be met by increased output elsewhere in the world. This is certainly the case in grains and in sugar, unless there are unexpected downturns in the near future. At the same time commodity traders have learned to live with the uncertainty in international exchange rates and are now more fearful of the effect of inflation, rather than currency changes. There is also no new oil crisis in the offing to shock the industrialised world.

Perhaps of greatest importance is the fact that the previous slump lasted for something like two years, while the present slump in demand—estimated to be the worst setback in consumption of raw materials since the 1930s—so far has really only run for just over 12 months. During this period some commodities—notably cocoa and sugar—have enjoyed some very high prices, providing an incentive to expand rather than to lower production. Grains, too, have been far from cheap, as a result of the U.S. 1974 crop setbacks, and had only fallen in value since the end of last year before the recent price boost provided by the Russians. The slide in metal prices has not mirrored the decline in demand to the full extent as a result of producer support action and so-called "investment" buying in anticipation of another price explosion. Theoretically, at least, it should take until well into 1976 before there is any real surge in commodity prices, even if the hopes of a revival in the U.S. economy are justified.



This would be the logical expectation if the normal historical cyclical pattern of production and consumption is followed. The effect of the steep decline in demand during the past year has shown that this pattern is by no means a spent force. Allowing for inflation and currency changes, raw materials prices generally have been forced to very low levels in some cases and many producing countries are facing considerable economic difficulties. There is no doubt, however, that the world outlook towards raw materials has changed, and a series of moves—some ineffective, others successful—have been initiated to try to alter (some would say distort) the impact of changes in supply and demand.

The primary producing countries have been greatly encouraged by the example set by Opec, on behalf of oil producers, to try to establish the same control over the pricing structure. As Mr. Harold Wilson pointed out recently, all kinds of mini-Opecs have sprung up. Apart from the already established copper exporters organisation, Cipec, producers of bauxite, bananas, iron ore, tungsten, quicksilver and phosphates have got together with varying degrees of success. Wool producers have created their own stockpiles to hold up prices, natural rubber producers are planning similar action, while Malaysia is already taking measures to reduce surplus supplies available. The oldest established, and most successful, commodity pact, the International Tin Agreement has been renegotiated for a further five years from July 1976, while good progress is being made in talks on renewing the cocoa, coffee and possibly the sugar and wheat agreements. It will be interesting to see whether the coffee producers' eagerness for a revitalised International Agreement to provide price protection will be affected by the frost in Brazil pushing up values violently.

The tin agreement has demonstrated the potential effectiveness of commodity pacts with the use of export cutbacks and buffer stock support buying to keep prices from falling below the "floor" level, at which producers can survive, in the face of a huge drop in demand. Other metals producers have also co-operated among themselves in an effort to reduce the surplus of supplies. The Council of Copper Exporting Countries (Cipec) supposedly cut back sales and output 15 per cent., although there are now serious doubts whether these cuts have, in fact, been instituted. Certainly copper producers in North America and elsewhere have reduced output, while Japan has been prevailed upon by political pressure—and the promise of supply cuts—not to export its growing stockpile of surplus copper to the rest of the world.

Zinc producers, with 40 per cent. cutbacks in Europe, and aluminium companies have also managed to maintain quoted price levels by reducing significantly the amount of supplies. While demand for raw materials remains depressed, the role of the newly-formed producer associations tends to be fairly marginal, but this could change when supply scarcities re-occur. Hence the move by the main industrial countries, shocked by the power of the oil producers, to try to reach longer-term international agreements with producing countries at a time when producers are in a mood to listen to the advantages of ironing out fluctuations in prices and supplies.

Commonwealth countries

The U.K. has been playing a leading role, mainly through the Commonwealth. As a major importer of raw materials, Britain has a special interest, even within the EEC, in the subject, particularly as several Commonwealth countries are dependent on earnings from raw materials. The EEC agreement with the ACP (African, Caribbean, Pacific) countries should go a long way towards stabilising trade in the future, but at the moment serious problems face tea, jute and sisal producers, which the informal pacts organised by the UN Food and Agriculture Organisation have failed to resolve. The UN general assembly will hold another special session on raw materials in September. Meanwhile, Unctad is very active in attempts to foster commodity pacts as a protection for producing countries, and is working on a plan for a multi-commodity buffer stock, to be financed by the International Monetary Fund or the World Bank.

There is general scepticism about the likelihood of the rather ambitious Unctad multi buffer stock plan getting off the ground, unless it receives much more positive backing from the oil-producing countries. But it might open the door to the IMF World Bank to give practical help to the idea of commodity price stabilisation and thus a form of aid to producing countries. Perhaps the key role will be played by the U.S., which traditionally has been opposed to the idea of world commodity pacts on the ground that they distort the natural flow of supply and demand. Dr. Henry Kissinger indicated last May that the U.S. might have a change of heart, although some cold water has since been poured on this statement by a U.S. Treasury claim that there was little prospect of success for virtually any of the commodities suggested as being possibilities.

Compulsory contribution

Significantly, an exception was made of the Tin Agreement, recently concluded in Geneva where the U.S. was an active participant in the negotiations. It was felt that the failure of producers to achieve their objective of consumers compulsorily contributing to an enlarged buffer stock could well be interpreted as a means of leaving the door open for the U.S. to join the tin pact, without having to sell to Congress the idea of a compulsory contribution aimed at keeping tin prices up. The U.S. attitude during the renegotiation of the cocoa, coffee and sugar agreements will also be watched with considerable interest to see whether there really has been a change of heart.

While these moves towards greater producer control, with or without co-operation from consumers, may well affect the trend of commodity prices significantly in the future, there is no real substitute for demand.

The Soviet Union's grain purchases and the strength of the coffee market have already spilled over into other commodity markets, leading to some firming in values. But how far this indicates the start of another commodity boom is still difficult to assess. For example, the "investment" buyers of copper may according to some forecasts have a longer-than-expected wait for a major upturn in the market, but even in this narrow area there is a wide divergence of opinion as to when the recession will end and demand for metals start to pick up again.

MEN AND MATTERS

The man behind BP's $1.75bn.

British Petroleum may not be the world's biggest corporate spender, despite its widespread activities, but its new $1.75bn. private placing in New York, jointly with its associate Sohio, towards the Alaska pipeline has certainly made it the largest-ever borrower. Quentin Morris, 45, who has masterminded the cash-raising from the BP side was feeling pleased but slightly weary yesterday after much transatlantic negotiating by telephone and in person over the past months. More than twice the minimum $750m. sought in the invitation to subscribe in May was put up by some 50 institutions, and, Morris says, "we could have got more—at the end we had to turn people away."

Such a record-breaking deal has involved an extensive programme of preparations, including such off-beat items as a trip to Alaska last autumn—before the snows came—for many investment managers to see the planned operation on the ground. The resulting loan documents suit the scale of the whole enterprise, each set weighing no less than seven-and-a-half pounds. "For such a sum as $1.75bn., there was never really any alternative to a private placing" says Morris. The nearest cash-raising operation in size was $1.38bn. of convertible preferred shares for American Telephone and Telegraph in 1971.

Morris, a London School of Economics graduate, came to BP in 1964 from the Inland Revenue, where he was a tax inspector for 12 years. He started the group's overseas tax department in 1966, becoming head of the finance department in 1971, where his job has included the £370m. financing of the Forties North Sea field.

A Londoner, he was born and grew up in the Portobello Road, where, after his father's death when he was 11, he helped to run the family's fruit and vegetable shop. "It gave me a feel for the market—the real market," says the man who has just tapped Wall Street for a record sum.

"Since I took up smoking they all taste like sawdust to me!"

Ticketed

As if New York's financial problems were not severe enough, the U.S. Federal Government, already notably unsympathetic to the city's pleas for help, is running up some colossal unpaid bills in parking tickets.

These amount to some $6m. a year (in the last fiscal year, total revenue from parking offenders was $50m., with a rise to $85m. predicted for the current 12 months). Over half, involving 6,000 summonses a month, relate to the 10,000 "undercover cars" prowling the city, the property of either the CIA, the FBI, Customs, the Treasury or Drug Enforcement officials. Somebody got a twinge of conscience last month when the FBI handed over a cheque for $7,000.

There is a further insult: New York reckons that as host to the United Nations, the Government should bear responsibility for the unpaid parking tickets issued to cars with diplomatic plates. The city puts the lost revenue on those at $14.5m.

Onassis alliance

Could Christina Onassis have managed her father's business empire? The question may now be academic, since her new husband, though not, as was predicted, from one of the great Greek tanker-owning families, is a businessman of formidable power. Granted the marriage lasts—she has already made one brief and sorry match—it is hard to see Alexander Andreades not playing some management role in the Onassis line.

The Andreades interests cover banking, including the Commercial Bank of Greece, the country's largest private bank; shipping: shipbuilding — Christina's new husband is managing director of his father's Eleusis Shipyards, the country's second major shipbuilding and repairing yards; fertiliser plants, insurance companies; and hotels, like the Athens Hilton. Alexander Andreades's chief hobby is antique cars: he owns nine pre-1940 Rolls-Royces.

So, though this is not one of those carefully arranged Greek dynastic marriages and the pair only met, apparently, a month ago, it looks as if there is new management, and financial muscle, behind the Onassis interests.

It is needed, as Aristotle Onassis realised before his death. He insisted his daughter and only surviving child should try to learn the business and in the four months she has been in sole titular control she has worked hard. But management decisions naturally still rest with the small group of long-serving, and ageing, aides to her father—Nick Cokkinis, Costa Konieliedes and Costa Gratsos.

The future profits of the Onassis empire will largely benefit a foundation for the arts, sciences and religion set up by Aristotle in memory of his dead son. But how much of a memorial the tanker fleet and property interests, 52.5 per cent. of which now belong to the foundation, will provide is an open question.

Aristotle Onassis was a conservative shipowner, not a player of the spot market, but no one could foresee the present crisis in the tanker market. Olympic Maritime has been scrapping old boats, laying up others and cancelling new orders where it may. The Olympic Tower in New York, now nearing completion, will open to an uncertain property market. To change this bleak outlook remains the challenge for the new alliance.

Adjustment

A colleague received details in a letter from a chartered surveyors' firm of a Hampstead house, "probably one of the finest on the London market at the present time," with offers sought "in the region of £300,000." Then a postscript: "Since dictating this letter, our client has decided that his property should be placed on the market at the more realistic figure of £245,000."

Observer

A Bill in the Commons to-day gives the Government sanctions against local authorities that break the pay limits. **Colin Jones reports**

Counter-inflation's charge on the rates

IT REMAINS to be seen whether the Government will have cause to rue its decision to omit from its counter-inflation package a *Bill giving it power to control* local authority rates. This power would have been a logical counterpart of its control over prices *in private and nationalised* industries. But the idea was ruled out for technical reasons such as the vagaries of grant distribu*tion to local authorities* and Whitehall's administrative incapacity to scrutinise 521 local authority budgets all at the same time.

Instead, Ministers will be relying upon local authorities' voluntary co-operation in the observance of the £6 pay ceiling. As long as this ceiling holds generally, such co-operation will doubtless be forthcoming from the vast majority of local councils. But in order to stiffen the resolve of any waverers, the Government has said that it will not hesitate to impose sanctions *and, on first inspection*, these sanctions look pretty fierce.

Not only will excessive pay settlements be disregarded for the purpose of *setting the total* amount of Government grant for all local authorities during the next 20 months; but in addition, any council which oversteps the limit will run the risk of having its capital spending and access to the capital market restricted and—under powers embodied in the Remuneration Charges and Grants Bill which is being discussed by the Commons to-day—*of* having its weekly grant payment docked so as to exclude any part of the cost of an offending pay settlement.

*However, on closer examina*tion this seemingly impressive display of weaponry looks much less impressive. Indeed, it might be better both for the Government and for local authorities if, like all deterrents, these weapons never have to be used at all. There are several reasons why.

In the first place, if any council breaks ranks, Ministers propose to be nasty, not so much to that council, as to that council's ratepayers. Politically, that is a somewhat novel and possibly double-edged threat for any Government to make. It is true that May 1976 will see another round of local elections, but these will be held at district, not county, level and not all district councillors will be coming up for re-election then anyway. Moreover, while the thought of an imminent election may register on the minds of councillors, the voters (who in any case are not all ratepayers, nor do all ratepayers have a local vote) mostly seem to be influenced by their opinion of the Government at Westminster rather than by their attitude to the particular activities of the ruling group at the town hall.

Lip-service

Secondly, local authorities have already experienced periods of restraint not unlike the present one. For one year after the devaluation of sterling in November 1967, the Government disregarded all cost increases for pay and everything else when settling the rate support grant. What is more, this decision was not announced until January 1968, three months after the restriction was sup*posed retroactively to* have begun. It is true that no-one can predict the Government's policy for the "re-entry" period in a year's time, and for local authorities the £6 ceiling on pay increases in the national rate support grant settlement is apparently to run on until March 1977.

But local authorities know *from past experience that Minis*terial attitudes towards both pay settlements and public spending will change sooner or later. Eventually, the Government will want to reflate the economy and a Labour administration, whatever it says now about pegging public spending in real terms, is more likely to look to the public sector when that happens. Until then a really determined authority whose independent tax-raising powers remain untrammelled could contrive to get by with a modicum of lip-service to the Government's guidelines.

Thirdly, and perhaps of most importance, the rate support grant is not a particularly suitable instrument for the purposes the Government has in mind. To explain why this is so one has to delve a little into the intricacies of the grant mechanism. The grant is intended to supplement the income which local authorities raise from rates, rents, and charges for local services (which together cover about half of all local current spending), but it is distributed *according to formulae* which—apart from the special relief for householders—are designed to compensate councils with above-average needs or below-average resources.

As a result, the total amount of grant received by a council may represent almost 90 per cent. of its total rate and grant borne expenditure, as in some Welsh districts, or at the other extreme it may represent nothing—yes, nothing. The Inner London Education Authority, a consortium of inner London boroughs, may be a *special case. But both* the Greater London Council and all six metropolitan county councils for the major English *conurbations receive not one* penny in rate support grant.

It is true that the yield of *their county precepts is boosted* by the resources element in the rate support grant, whereby the taxpayer in effect makes a deficiency payment to rating authorities whose average rateable value a head lies below a national threshold. But this is an indirect benefit, not a payment coming directly from the Government. It is true, yes, that the GLC and the metropolitan county councils all *receive the Transport Supple*mentary Grant which is included in the Government's list of possible sanctions against *individual authorities. But this* grant goes partly to pay for capital expenditure and partly *to provide revenue support for* public transport services and, in all, represents barely 20 per cent. of the total rate and grant borne expenditure of these seven councils.

Mr. Anthony Crosland, Secretary for the Environment: Ministers propose to be nasty, not to the council, but to the council's ratepayers.

Moreover, each authority's share of the total grant settlement will change from year to year as the formulae are adjusted in line with population movements and other factors. Sometimes, the adjustment will *be quite substantial. This hap*pened last year when the formulae were overhauled to end the discrimination against the *older cities with declining popu*lations, and Mr. Anthony Crosland, the Secretary of State for the Environment, struck out the previous administration's transitional safeguards.

Furthermore, the rate support grant for a financial year is decided by the Government in the November or December of the previous year. It will be retroactively adjusted from time to time—normally once a year—in the light of actual cost trends. But not all councils who receive a share of the original grant payment will receive a share of these "Increase Orders." The domestic ratepayers' relief element in the grant remains unchanged and so normally—although an exception was made last year—will the resources element. The Increase Orders usually apply only to the needs element, which is received by the lower-tier authorities in Greater London and the metropolitan counties and by the upper-tier authorities in the "shire counties."

Thus, if a national pay settlement in the local government sector exceeds the £6 ceiling and the Government then disregards the excess for the next Increase Order, this particular penalty will be visited on only some of the transgressing councils. And if *a non-metropolitan district con*cedes a local settlement (under, say, a local bonus scheme which with other local deals can *account for up to a third of* some local government manual workers' pay) which breaches the ceiling and the Government then docks that council's weekly resources grant payment, it is possible that this could also affect the upper-tier or precepting authority's rate income.

The Government has presumably extended its range of posible sanctions to loan approval and access to the capital market in order to avoid this sort of tangle. But this raises further problems. The Government has already indicated that it will not reduce approvals *already given for projects* already under way, which account for by far the greater part of any one year's capital spending. *Instead, the restric*tion will be imposed upon new approvals for projects which have yet to be started, which could easily mean postponing the penalty until the next financial year—by which time policy may well have veered round towards reflation.

Control over an authority's "access to the capital market" could have more immediate effect. This phrase is apparently intended to mean that an offending council might have its Public Works Loans Board quota reduced. If the authority *were to seek to raise elsewhere* a similar amount of money over the same period (ten years or more), this would result in higher capital charges. But this would have the effect of increasing public expenditure, a consequence which has raised eyebrows in some parts of Whitehall.

On the other hand, this "sanction" would pose no threat to some authorities which had not fully used their temporary borrowing powers.

Double load

The trouble basically is that to ensure that its pay policy is adhered to in the local government sector the Government is trying to use instruments which were designed for quite different purposes. The rate support grant mechanism is already *suffering from a double load*—that imposed by inflation, and that imposed by the Government's attempt to bring about *a greater rate of deceleration* in the real growth of local spending than may be possible given the momentum generated by past calls for expansion, by the present rate of capital spending (which boosts revenue spending about three or four years after the building of, say, a new school has been approved) and by the continuing profligacy of certain local authorities.

Even if local government keeps within the £6 pay ceiling and limits the real growth in its spending to the Government's "targets" of 1½ per cent. next year and 4.8 per cent. this year, the grant percentage will probably have to be raised from this year's 66½ per cent. to about 69-70 per cent. if next April's rate calls are to be limited to an *average increase of about 10* per cent.

As it is, local authorities may already be using up this year *part or all of next year's growth* "ration": the figures so far available are interpreted by Whitehall as indicating a 6½ per cent. real increase rather than one of 4.8 per cent. If the excess spending next year is to be borne wholly by ratepayers, as Ministers have been warning, is the grant mechanism still credible as a weapon to make the £6 pay ceiling stick? Any rise in rate calls arising from excessive pay settlements will be lost to sight amid the torrent of rates increases caused by excessive real spending. In any case, are Ministers really prepared to face out the redundancies among local authority staff if the momentum of local spending is to be cut back?

Ministers are trying to exercise an influence over local authorities' spending without taking the ultimate step of *encroaching upon their indepen*dent tax-raising powers and thus removing the last vestiges of local autonomy. They could in the process strain the rate support grant system to breaking point.

Letters to the Editor

Underpaid and underworked

From The Joint Managing Director, W. and J. Linney

Sir,—Reading (July 21) the bare bones of our Chancellor's speech in Dorset, one is led to believe that unless inflation stops nearly 2m. people will be out of work. Since we pay the lowest real wages *to executives, sales*men, skilled and unskilled workers in the Common Market, even after our recent bout of inflation, we must look to another cause for our consistent financial troubles.

Tables recently produced have shown the great differences *between various countries* in the EEC and our own output per capita in the nationalised industries. Prior to this, tables were given showing the same problem in the major car manufacturers in comparing our output by world standards. From these simple points it must be suggested that our problems are only being highlighted by inflation. Our real problem is gross over-manning from top to bottom in nationalised industry, industry *generally, the service industries* and the civil service. This is why we are uncompetitive.

When the Chancellor gave these hair raising figures I suspect he was again evading the issue. He is looking for a scapegoat rather than face up to the unpalatable truth that the Socialist Government has for many years tied itself closely to the unions financially and cannot now turn round and blame them *for this gross over-manning.*

British workers and management together, given the right leadership and encouragement are quite capable of earning wages which are well up to European standards for everyone who is at work. To force our wages to remain below this level is admitting that we are incapable of matching our efficiency with our other EEC members, a point that is difficult to swallow. Only by a wage structure equalling our fellow EEC members can our industries, Government and services be forced into more output per capita built on new machinery and more efficient methods.

We will never have this point put by a Socialist Chancellor—it is not politicaly possible—and after the Heath Government collapse it seems doubtful if anyone can. *So where do we go from* here?

I. S. C. Linney,
Newgate Lane,
Mansfield, Notts.

The party system

From The Chairman,
Crofton Park Branch,
Deptford Labour Party.

Sir,—David Watt (July 18) missed what is the essence of British democracy.

We have a party system. With electorates of up to 70,000 little else would be possible. Electors do not generally vote for the individual candidate, but for the party that supports him. It is therefore important, in the interests of democracy, for the electorate to know what the parties stand for so that they can place their choice accordingly.

Hence each party puts forward its manifesto. The Labour Party Manifesto is written by the party and each candidate with party backing is bound, democratically, to support that programme. The electorate should also know that every member of the Labour Party, from Harold Wilson to myself, has signed an agreement to the policies of the Labour Party as established by annual *conference. If a candidate does* not support this policy of the Labour Party, then he should stand against those who do so that the electorate has a choice, Labour Party, Tory Party, Reg Prentice or who have you. It would be anti-democratic for a candidate to tell the electorate that he supports the policy of the Labour Party and then oppose this when elected because his conscience dictates.

Our Parliamentary system contains much to be proud of, but its failure to accept that Parties exist when considering large electorates is its main fault. But while our system is as it is, and not as Burke saw it, MPs are generally elected because of their party and hence they are bound for the sake of democracy *to propagate the policy of that* party if elected, or resign.

Cllr. Jim Wheeler,
31, Bearstead Rise, S.E.4.

Why own a home?

From Mr. L. Partridge.

Sir,—I wonder whether wider home-ownership, as advocated by Basil Feldman (July 17) really would strengthen the whole structure of our society—after all, we have doubled home*ownership since* the war without society being noticeably strengthened. Indeed, one is almost tempted to use the dreaded word "divisive" in this connection, *as occasionally* the admirable qualities of responsibility and pride in home-ownership give place to the less admirable ones of "Disgusted Ratepayer."

Our Continental neighbours seem to get on very well without our apparently all-consuming passion for home-ownership and in my wilder, more heretical moments I sometimes wonder if, were some of our resources directed away from this sterile *concept into more productive* forms of investment, we might not flourish too.

L. A. Partridge,
72 Eastfield Avenue,
Bath.

Linking MPs' pay

From Mr. G. McGregor.

Sir,—Might I comment upon three conclusions reached in the Boyle Report?

The recommendation of a 77 per cent. increase, from £4,500 to £8,000, was based on the increase of 66 per cent. in the cost of living over the 3½ years since the last MPs' salary increase in January, 1974, and the increase of 85 per cent. in average earnings over the same period. This, however, ignores the fact that the remuneration *of the salaried* middle classes, particularly those doing the same job now as in 1972, has increased considerably less than average earnings and, in many cases, less than the cost *of living;* this reflects not only the way in which sequential pay policies have discriminated against the middle income, middle classes (remember Mr. Wilson's comment about "broadest backs") but also because these policies have been more strictly applied to the middle-income, unorganised sectors of the community than to those whose union membership has given them the power of blackmail. Might one therefore ask those Labour MPs who support Boyle why they should not themselves enjoy the relative reduction in real earnings which they have been prepared to impose upon the salaried middle classes?

Might I suggest that if MPs' salaries *are in future to be* linked to some external indicator, this should not be the salaries of the Civil Service, or some similar public sector occupation, but to a more representative indicator of the incomes of the salaried middle classes? Not only have civil service salaries outstripped those in the industrial sector in recent years, they are ultimately determined by the Government, who cannot then argue that these *represent a yardstick for MPs'* salaries which are representative of the country as a whole, and not subject to governmental manipulation.

Lastly, if MPs are to be paid as Boyle suggests, then we surely have a right to expect them to behave as responsible *MPs rather than lobby fodder?* In particular, I have in mind that since income policies were first introduced by, I think, Selwyn Lloyd, they have been *aggressively* opposed for partisan political reasons by the Opposition of the day whether Labour or Conservative which three times eliminated them on gaining power but then each time found they had to reintroduce them. I would suggest that these damaging reversals of *policy, particularly last year's* adoption of the social contract in lieu of a statutory incomes policy, are substantially responsible for our current inflation *and that many people would be* more sympathetic to the problems of MPs if they had not treated incomes policy as a partisan political football over the last decade.

G. J. McGregor,
9, Chalcot Crescent, N.W.1.

A matter of politics

From Mr. J. Entwisle.

Sir,—Following the predictable fuss over the announcement on *MPs' pay may I ask why their* remuneration should be "taken out of politics." Many voters feel that other, far more fundamental, issues should be removed from *the political arena first* — instances being education and nationalisation of certain less essential industries.

We are all a trifle weary of inept politicians—all the majority of us wish to do is to get on "with the job" rather than suffer continual disruption in our business from bureaucrats. Let the politicians' pay remain a political issue — then it can be properly aired—after all they are supposed to serve, not be served, as Members of Parliament—and an employee's salary needs consideration.

J. Entwisle.
The Old Rectory,
Moccas,
Hereford.

Machine tools sales

From The Commercial Director, Staveley Machine Tools.

Sir,—Having been abroad I have only just seen Mr. Kenneth Gooding's article (July 3) on the machine tool industry which mentions Mr. Cyril Chapman's complaint of lack of professionalism in the U.K. machine tool selling effort with particular reference to Eastern Europe. This should not go unchallenged.

During the five years ending December 1974 British makers *have exported some £435m.* worth of machine tools; of these some £225m. have been sold in Europe, of which £75m. to the Soviet Union and Eastern Europe, many of these being repeat orders, some for complex package deals.

*I wonder how the "profes*sionalism" of a machine tool salesman might be defined? Surely a knowledge of the user's technology, of the work capability of his machines, of the machines of his principal competitors and of the legal, commercial and financial implica*tions of a contract are more im*portant than a knowledge of languages.

Moreover to my knowledge most firms seriously interested in export employ linguistically qualified persons. For the best of reasons I know one such firm having excellent facilities in six languages including Russian. I know of a number of other machine tool firms with equal facilities. Few who export consistently have none.

Finally, large export orders are secured not by a salesman on his own but by a competent team capable of dealing with all *the aspects* mentioned above.

J. Campus,
Portland House,
Stag Place, S.W.1.

Shoes from Hong Kong

From The Assistant Commissioner (Commercial) Hong Kong Government Office.

Sir,—A casual reader of the penultimate paragraph of the article on "Shoe Imports" (July 12) might gain the impression that Hong Kong was the principal exporter of shoes to the U.K. in *value* terms in the first four months of this year. In fact, the statistics used in this paragraph *showed the market share of im*ports in terms of *volume* (by pairage). If value terms had been used, Hong Kong would have appeared in fourth place behind Italy, France and Spain with about 9 per cent. of total foreign sales in the U.K.

S. A. Webb-Johnson,
6, Grafton Street, W.1.

Capital loss not allowed

From Mr. L. Hill

Sir,—I wonder how many unfortunate holders of British Leyland Ordinary realise that the huge loss they will suffer by selling their shares to the Government at 10p per share will not be allowed by the Inland Revenue for tax relief as a "capital loss"?

For example, assuming no other share transactions have taken place in the current tax year, a holder of 5,000 British Leyland Ordinary purchased at 45p, or thereabouts, would be in the following position:—

5,000 shares at 45p	£2,250
Sale to Govt. at 10p	500
Loss on realisation	£1,750

The sale would constitute a realisation not "over £500" and would not be returnable for tax purposes. Thus the tax relief not allowed would be:—

50% of £1,750=
£875 @ 35%=£306.25

The net result of the trans*action* is that the Government has acquired 5,000 shares @ 10p, less £306 saved in tax relief not allowed. Thus the shares have been acquired by the Government at 3.88 *pence per share* (net). Is someone going to tell me that Mr. Benn was not aware of this before he made the offer? If they do, I certainly would not believe them. Incidentally, the position I have outlined above has been confirmed by my own Inspector of Taxes.

Leslie J. Hill,
126, Wickham Avenue,
Cheam, Surrey.

To-day's Events

GENERAL

Labour Party national executive meets.

TUC general council meets.

Newham North-East Labour Party management committee considers future candidature of Mr. Reg Prentice, Minister of *Overseas Development.*

Mr. Fred Peart, Minister of Agriculture, meets British Trawler Federation on British/Icelandic fishing agreement.

Financial Times two-day conference on "Europe after the Referendum" opens, Dublin.

PARLIAMENTARY BUSINESS

House of Commons: Remuneration, Charges and Grants Bill, *second reading. Consideration* of Lords amendments to Lotteries Bill.

House of Lords: Debate on British National Oil Corporation. Social Security Pensions Bill, third reading. Statutory Corporations (Financial Provisions) Bill, committee.

COMPANY RESULTS

Gillett Bros. Discount (half-year).

Unigate (full year).

COMPANY MEETINGS

BET *Omnibus*, Stratton House, W., 3.

Bishop's Stores, Ruislip, 3.

Caffyns, Eastbourne, 3.

Coltness, Glasgow, 12.

Courtaulds, 36, Wigmore Street, W., 12.

Dimplex, Southampton, 11.30.

Dorman Smith, Preston, 12.

GEI International, the Dorchester, W., 12.

Glossop (W. and J.), Halifax, 11.30.

Guthrie Corporation, 20, Aldermanbury, E.C., 11.45.

Harrisons and Crosfield, 14, St. Mary Axe, E.C., 11.15 (and not as in Week's Financial Diary).

Invergordon Distilleries, Glasgow, 12.

Lloyd (F. H.), Winchester House, E.C., 12.

London and Aberdeen Investment Trust, Winchester House, E.C., 11.

Monks Investment Trust, 29, Gresham Street, E.C., 10.30.

Oxley Printing, 33, Conduit Street, W., 12.

Samuel (H.), Birmingham, 12.

Technology Investment Trust, 8, Crosby Square, E.C., 12.

Tripleres, 117, Old Broad Street, E.C., 2.30.

COMPANY NEWS + COMMENT

£1m. first-half lift for Taylor Woodrow

PROFIT before tax up by more than £1m. to £4.7m. for the half year to June 30, 1975 is announced by builders and civil engineering contractors, Taylor Woodrow.

At the annual meeting last month the chairman, Mr. R. G. Puttick, reported that profits for the first few months of the current year were up to expectations and the company should once again be able to produce a year of "not unsatisfactory profits."

For the year 1974 pre-tax profit was a record £10.47m. on which dividends totalling 4.7234p net were paid.

This year's interim is held at 1.3125p.

	Half year 1975 £000	1974 £000
Turnover	119,000	89,000
Trading & invest. income	6,743	5,370
Depreciation	2,126	1,893
Grants	80	80
Profits before tax	4,697	3,557
Tax	2,541	1,914
Profits after tax	2,156	1,643
Minorities	252	242
Interim dividend	252	228
Available	1,904	1,401

● comment

Taylor Woodrow is 31 per cent. ahead pre-tax, right in line with most sensible outside estimates. In the U.K. the group has continued to keep its head above water but the pressures are clearly not getting any easier and once again it has been left to the overseas divisions to contribute the profits growth. The losses in Australia are being contained, Nigeria is being turned round and elsewhere the group is still working through a very solid order book. This year profits of £13½m. could well be the pre-tax prospect. Next year, of course, TW is likely to start running out of volume—especially in the U.K. Meantime, a prospective yield of 3 per cent. at 260p (up from 68p this year) is the price that has to be paid for a clean balance sheet and 50 per cent. overseas profits ratio.

INDEX TO COMPANY HIGHLIGHTS

Decline by Rosgill in second half

AFTER SUBSTANTIALLY higher interest charges of £56,000, taxable profit of Rosgill Holdings, clothing distributors and discount store operators, declined from £857,000 to £794,000 in the year ended May 31, 1975. There was a drop from £307,000 to £248,000 in the second half.

Stated year-end earnings per 5p share are down from 4.22p to 3.87p. Dividend total is held at 2.31p net with a final of 1.26p (same).

Turnover of Pippa-Dee Parties expanded by 17 per cent. to £14.23m. and profit before tax and interest by 14 per cent. to £702,000. Moneysave recorded a 35 per cent. increase in turnover to £14.23m.

Following reduced profits in the first quarter, margins were restored, the directors state. However, profit before interest and tax was 41 per cent. down at £148,000.

In the second half, Moneysave absorbed the costs of opening its new warehouse at Batley, Yorkshire. As this was in April, there was no resultant benefit in the past year.

Since the year-end a new Moneysave store has been opened in Doncaster. A further new store will open in Stockport at the end of the month.

In view of the current economic situation, the directors say they continue to take a "cautious" view of group prospects for the coming year.

	1974-75 £000	1973-74 £000
Turnover	28,457	22,706
Interest charges	56	9
Pre-tax profit	794	857
Tax	424	454
Net profit	370	403

● comment

A fall of 1.32 points in the trading margins of discount stores is the main factor behind Rosgill's 7½ per cent. slide in 1974-75 pre-tax profits. The Pippa Dee party side increased its contribution last year by 14 per cent. pre-tax, while the discount stores suffered a downturn of more than two-fifths. This largely stems from the start up costs of a new warehouse (estimated at around £40,000) which came on stream last year as part of the group's efforts to centralise its Money Save distribution set-up. Following a management reshuffle at Money Save towards the end of last year the group is now aiming for a fairly considerable marginal improvement in 1975-76. So, if the party plan side can continue to hold its volume fairly steady in the current year the group should be able to make up all of the ground lost in the previous year. However, a yield of 21.9 per cent. at 17½p, covered 1.8 times, still reflects the market's reservations about the company's rather unusual style of trading.

BATS HALF YEAR

British - American Tobacco's results for the half year ended March 31 will be released on the afternoon of July 29.

Butterfield Harvey financing

THE IMPACT of inflation during the year to March 31, 1975, made it of "paramount importance" to exercise the strictest disciplines over the management of the finances of Butterfield-Harvey, says the chairman, Mr. S. A. Roberts.

Some deferment of less urgent capital demands became inevitable, and a policy of leasing motor vehicles was introduced.

The company managed to operate within its existing overdraft facility with bank borrowings up £0.2m. to £2.4m.—a "modest" increase only achieved after the realisation of the Harvey Sports Ground and certain other assets.

To support an expected growth in business this year, and to meet the continuing effects of inflation, an additional £0.5m. facility has been negotiated with the Midland Bank. Borrowing arrangements with the bank have also been restructured on a two-tier basis—one part overdraft and the remainder medium-term loans.

As reported on July 9 group pre-tax profit increased from £355,000 to a record £1,504,000 in the past year and the dividend is 1.75862p (1.65375p) per share.

Mr. Roberts reiterates that given freedom from major industrial disruptions, he believes there is a good prospect of at least equalling the profit in the current year.

An analysis of turnover and profit (£000s omitted) shows engineering £25,034 and £1,143; processing £1,920 and £68; factoring £4,303 and £293. Direct exports amounted to £3.71m.

Meeting, Connaught Rooms, W.C., August 27, noon.

LANE FOX

Mr. Michael A. Jourdan and Mr. John D. Naylor of Cork Gully and Company, are being nominated as joint liquidators in the proposed creditors' voluntary liquidation of Lane Fox and Company.

Peak £2.1m. by Jones Stroud

FROM turnover ahead from £12.33m. to £14.98m., pre-tax profit of Jones Stroud (Holdings) advanced from £1.82m. to a record £3.07m. for the year ended March 31, 1975. As anticipated, second half profits of £1.03m., against £0.99m., are "similar" to the first six months' £1.04m.

Stated earnings per 25p share are up from 12.71p to 13.87p. Dividend total is up from 3.4118p to 3.528p net, with a final of 0.428p.

Investments include a 35.3 per cent. holding in Fothergill and Harvey and a 30 per cent. holding in J. & J. Cash. Only dividends received of £111,148 have been included in the group profit before tax as the directors consider that the group did not exercise a significant influence over either company's affairs during the year.

On July 18, 1975, the company purchased the capital of The J. Beam Group for £150,600 cash. Beam manufactures communication aerials, aluminium tubes and accessories.

The group's other interests include manufacturing fabrics, accessories and materials for the textile and electrical industries.

	1974-75 £	1973-74 £
Turnover	14,978,505	12,330,938
Profit before tax	2,071,846	1,824,908
Tax	930,554	740,725
Profit after tax	1,141,292	1,084,173
Minority interests	—	35,673
Loss on sale and re-purchase of U.K. quoted investment	443,880	—
Dividends	290,230	259,352
Retained	407,182	786,149

● comment

Jones Stroud's 1974-75 profit outcome is as forecast, with pre-tax profit up by 13½ per cent. Over the year, the balance between textile and electrical business has shifted in favour of the latter; the sales split is now 60:40, and the purchase of J. Beam should widen the gap even further. Exports have increased by 56 per cent. and contributed 10 per cent. of total sales. Even so, the group has suffered volume declines throughout the business and this trend is continuing, as is the gradual reduction in margins seen over the past two years. There is likely to be a first half profits setback followed by a recovery in the second half to leave 1975-76 profits roughly all-square. The group still has cash locked up in two large holdings, originally costing £1m., as a result of abortive takeover bids. Apparently, these commitments have not impaired growth elsewhere, and bank borrowings would have been reduced by £0.9m. had it not been for the Beam acquisition and the taking up of a rights issue in one of the holdings (costing £¼m.). At 58p, the yield is a cautious 11 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Atlas Stone ...int.	1.85	Sept. 8	1.75	—	4.55
Birmingham Mint	3.57	—	2.45	3.57	3.57
Broadstone Inv. ...int.	0.84	Oct. 3	0.84	—	3.08
Cardinal Investment int.	1.75(b)	Sept. 1	1.75	—	4.25
Graig Shipping	7.97	Sept. 20	7.57	13.97	13.17
Illingworth Morris	0.53	—	0.5	1.36	1.36*
Inveresk Group	1.25	Sept. 15	1.25	—	4.36
Johnson Construction	1.14	—	0.79	1.59	1.49
Jones Stroud	0.43	Oct. 4	0.18	3.53	3.4
Robert H. Lowe ...int.	0.88	Sept. 30	0.88	—	2.98
NatWest ...int.	4.27	Aug. 29	4.0	—	8.01
Polly Peck (Holdings)	Nil	—	0.06	0.18	4.01
Rank Organisation ...int.	2.19	Nov. 3	2.19	—	5.58
Rosgill Holdings	1.26	Oct. 13	1.26	2.31	2.31
Taylor Woodrow ...int.	1.31	Oct. 1	1.31	—	4.72
Washington Investment	0.85	Sept. 17	0.85	0.85	0.85
Yeoman Investment int.	1.95(a)	Sept. 13	1.67	—	4.52

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. (a) Final of not less than 2.7625p forecast. (b) Results for the half-year to June 30, 1975, are expected to be available in early August, and an interim statement will be posted to members towards the end of August.

Inveresk profits halved

IN THE 24 weeks to June 14, 1975, Inveresk Group reports pre-tax profits halved from £2.6m. to £1.3m. on turnover down from £16.22m. to £15.94m.

The interim dividend is 1.25p (same) net. Last year's total was 4.355p from profits of £4.82m.

The directors report that the reduction of stock levels by customers and consumers of paper, board and converted products continued during 1975. This reduction, together with the generally lower level of U.K. economic activity, has affected the results.

Sales and profitability of most activities deteriorated appreciably during the second quarter of 1975, but the results of the stationery manufacturing and stationery distribution businesses have remained satisfactory.

Raw materials, most of which being imported, are costing more due to the deterioration in exchange parity of sterling, and most other operating expenses have increased, but market conditions have prevented the full recovery of these additional costs, they add.

Operating profit declined from £2.24m. to £1.02m. and capital profits from £329,000 to £259,000.

The directors say that it is anticipated that no material tax will arise on either operating or capital profits due to unrelieved capital allowances and losses brought forward.

	24 WEEKS 1975 £000	1974 £000
External Sales	15,942	16,216
Trading Profit	1,478	2,282
Depreciation	385	329
Interest & Div. Income	33	308
Interest Payable	139	24
Operating Profits	1,017	2,237
Capital Profits	*259	329
Profit before tax	1,276	2,566

*Includes profits less losses on disposal of fixed assets of £13,000 (£30,000), surplus arising on purchase and cancellation of unsecured loan stock of £29,000 (£24,000) and profit on sales of shares in Georgia-Pacific Corp. of £217,000 (£255,000).

● comment

Inveresk's interim figures bear witness to the slump in demand for paper. Sales volume dropped by 25 per cent., while operating margins halved against the comparable period—hence a fall of 54½ per cent. in operating profit. In fact Inveresk's trading conditions are above average; business was still reasonably good until March, whereas the sector as a whole started to tail off at the turn of the year, and currently Inveresk is working at 65-70 per cent. capacity against an industry norm more like 50-55 per cent. To a certain extent stationery has provided a cushion, but a reaction to increased postal charges will affect second half envelope sales. Inveresk reports minor signs of a revival in technical products, but recovery does not look to be coming until 1976. Meanwhile the balance sheet is still in good shape—last December borrowings equalled 5.4 per cent. of shareholders' funds, and now after costs of Northfleet that figure is still probably under 15 per cent. The shares slipped to 49p where the yield is 13.6 per cent.

Statement Page 21

Midway dip at Pataling Rubber

BASED ON an estimate for the full year proportioned for the six months, turnover of Pataling Rubber Estates expanded from £4.17m. to £4.52m. for the first half to April 30, 1975, but taxable profits fell from £1.57m. to £1.47m. Profits for the year to October 1974 reached £4.04m.

	6 months 1975 £000	1974 £000
Turnover	4,519	4,173
Trading surplus	1,462	1,537
Other income	163	140
Replanting expenditure	155	106
Profit before tax	1,470	1,571
Tax	744	612
Net profit	726	959

Greene King sales ahead

The total volume of beer barrellage of Greene King and Sons was 8 per cent. up in 1974-1975, with the main growth coming in draught beers of all sorts, especially traditional bitter and Abbot Ale, reports chairman Sir Hugh Greene.

So far beer sales are keeping up well in the current year.

As reported July 11 group pre-tax profits increased from £1.84m. to £2m. in the 53 weeks ended May 3, 1975, from sales 28 per cent. ahead at £20.24m.

During the year there was a decrease in net liquid funds of £2,095,000 (£191,000). Expenditure on fixed assets totalled £2,358,000.

The chairman says that the group has paid for the major capital schemes connected with production and capital spending for 1975-76 "can therefore be reduced without sacrificing adequate investment for growth."

At the year-end expenditure contracted for amounted to £473,000 (£963,000) and a further £214,000 (£138,000) was authorised but not contracted.

Meeting, Bury St. Edmunds, August 14 at noon.

Chairman's statement, Page 21

Illingworth Morris £3.28m. setback

IN THE YEAR to March 31, 1975, taxable profits of textile manufacturers, Illingworth Morris and Co. fell from £4.91m. to £1.63m. after £0.88m. against £2.86m. for the first half.

Earnings are shown to be down from 6.47p to 2.98p per 20p share. The dividend is lifted from 1.356p to 1.362p net with a final of 0.532p.

External turnover declined from £85.6m. to £80.15m. and was split as to home £38.2m. (£41.54m.); direct export £29.36m. (£32.22m.); indirect export £10.34m. (£9.11m.); and overseas subsidiaries £2.28m. (£2.73m.).

After tax of only £209,000 (£1,994,000) and minorities the attributable balance is £1.29m. compared with £2.65m.

The tax charge is subnormal, due to accelerated capital allowances, other timing differences, and the benefit of losses brought forward which together total some £0.6m. in terms of tax (£0.5m.).

● comment

Against a worsening sales picture in both home and export markets Illingworth Morris' pre-tax profits have fallen by more than two-thirds after a 69 per cent. drop at the interim stage. The group has apparently kept a good balance between forward purchases of wool and orders, so avoiding stock losses on the scale of Dawson International, but the 30 per cent. fall in wool prices during the year has had the effect of lowering bank borrowings by £7m. to £19m. compared with shareholders' funds of about £22.4m. This reduction has since continued, to the benefit of interest charges in the current year. Multiple tailoring demand seems depressed and order books stretch scarcely four months ahead, with the exception of woolcombing, which is filling up the empty stock pipeline in export markets. No further deterioration is expected overall this year but in the absence of a marked advance in wool prices a yield of 11.7 per cent. at 18p on the "A" shares may not prove sufficiently attractive.

SUBSIDIARIES' RESULTS

BRUNTCLIFFE INVESTMENTS—Group turnover for year ended March 31, 1975, £468,011 (£206,796 for six months to March 31, 1974). Profit £43,167 (£24,598) before tax £21,782 (£12,947). Ordinary dividends proposed 3.07 per cent. (1.02 per cent.) costing £18,445 (£10,170). Preference dividends £2,940 (£1,470).

JOHN EMSLEY—Net dividend 15.66 per cent. for year ended March 31, 1975 (21.81 per cent). Profit £122,739 (£103,467) after tax credited £9,157 (£3,029). Preference dividends £9,450 (£9,450). Ordinary £77,000 (£90,000). Tax credit for 1974-75 is abnormal, principally due to losses brought forward of £50,000 in terms of tax.

GEORGE MALLINSON AND SONS—Turnover for 53 weeks to February 22, 1975, £3.46m. (£3.27m.). Trading profit £74,000 (£269,000). Special provision £38,000 (nil). Profit £36,000 (£209,000), before tax £21,000 (£108,000). Extraordinary debit nil (£15,000). Available £15,000 (£88,000). Dividends nil (£56,000). Earnings per 25p Ordinary 0.49p (3.44p).

SALTS (SALTAIRE)—Net dividend nil for year ended March 31, 1975 (6.48 per cent.). Loss £22,390 (£277,813 profit) before U.K. tax £145,000 (£254,400 charge). Preference dividends £60,000 (£60,000). Ordinary nil (£313,840). Tax credit for 1974-75 abnormally high due to accelerated capital allowances of £50,000 in terms of tax.

S. SCHNEIDERS AND SON—Net dividend 13.38 per cent for year ended March 31, 1975 (25 per cent.). Trading profit £88,899 (£88,156) after tax £83,046 (£60,383). Preference dividend £13,650 (£13,650). Ordinary £60,000 (£88,000).

JOHN SMITH (FIELD HEAD)—Net dividend for year ended March 31, 1975, 10.91 per cent. (1.39 per cent.). Profit £32,583 (£12,317) after U.K. tax £28,700 (£6,700). Preference dividends 8,470 (£8,470). Ordinary dividend £24,000 (£3,000).

TROYDALE INDUSTRIES—Group turnover £8,975,593 for 12 months to March 31, 1975 (£3,674,548 for six months to March 31, 1974). Profit £149,345 (£104,575) before U.K. tax £105,564 (£76,486). Extraordinary debits £54,088 (£75,674 credit). Minorities £12,127 (£8,064). loss attributable £22,734 (£97,699 profit). Ordinary dividends 6 per cent. (3 per cent.). Preference dividends £1,470 (£735). Earnings per 10p Ordinary 0.455p (0.339p) basic 0.516p (0.341p) fully diluted.

WINTERBOTHAM, STRACHAN AND PLAYNE.—Net dividend 24.40 per cent. for year ended March 31, 1975 (35.23 per cent.). Profit £248,165 (£322,096) after tax £87,653 (£313,958). Preference £11,025 (£11,025). Ordinary £180,000 (£260,000). Tax charge for 1974-75 sub-normal, due principally to accelerated capital allowances amounting to some £90,000 in terms of tax.

WOOLCOMBERS (HOLDINGS)—Net dividend 5.008 per cent. for year ended March 31, 1975 (4.690 per cent.). Profit £807,000 (£1,674,000) after tax £472,000 (£1,155,000). Attributable £782,000 (£1,567,000). Preference dividends £24,727 (£24,727). Ordinary £200,280 (£187,600). Tax charge for 1974-75 subnormal due to accelerated capital allowances, other timing differences and benefit of losses brought forward which together total some £190,000 in terms of tax (£190,000).

W. E. YATES—Group turnover for year to March 31, 1975, £2.11m. (£1,208,000 for six months to March 31, 1974). Group loss £89,650 (£52,487) before U.K. tax £43,288 (£24,619). Loss on sale of subsidiary £26,021 (nil). Loss attributable £72,463 (£27,968). Preference dividend £9,197 (£4,594).

ISSUE NEWS

Howard Machinery 7 for 10 rights

Howard Machinery announce that arrangements are in hand with Brandts for the underwriting of an issue of 11,850,209 Ordinary 25p shares at par. They are being offered by way of rights to Ordinary holders on the basis of seven new shares for every ten shares held.

Net proceeds are estimated to amount to £2.85m. These funds will be employed in reducing the group's short-term borrowings.

The circular to the shareholders also contains details of a revaluation as at May 29, 1975 of the group's U.K. land and buildings at £7.7m. compared with the then book value of £4m. No provision has been made for any capital gains tax which might arise in the event of a sale.

EGM, August 8.

NEWCASTLE AND GATESHEAD

Newcastle and Gateshead Water Company offer for sale by tender of £3,500,000 9 per cent. Redeemable Preference Stock, 1980, attracted applications for £6,942,700 of Stock.

The average price obtained was £99.42. The lowest price to receive an allotment was £99 (the minimum tender level).

Brokers to the issue were Seymour Pierce and Co.

HAZLEWOODS

Hazlewoods (Proprietary) announce that acceptances were received for 100,354 Ordinary shares provisionally allotted by way of rights, excess applications were received for 227,018 shares, since number of excess shares applied for exceeded number available, the Board has allotted 199,646 shares on a scaled down basis with respect to applications for more than 20,000 shares.

SHORT-TERM LOCAL LOANS

Arrangements have been completed for the placing of the following local authority loans. Suffolk Coastal District Council (£½m.), Aylesbury Vale District Council (£½m.), Rother District Council (£½m.), Dudley Metropolitan Borough Council (£½m.), Guildford Borough Council (£1m.), Oldham Metropolitan Borough Council (£½m.), Watford Borough Council (£½m.), Brighton Borough Council (£1m.), City of Glasgow District Council (£½m.), Strathclyde Regional Council (£½m.), London Borough of Hounslow (£½m.), London Borough of Wandsworth (£½m.), West Yorkshire Metropolitan County Council (£½m.), Dyfed County Council (£1½m.), Borough Council of Gateshead (£½m.), Fareham Borough Council (£½m.), Ogwr District Council (£½m.), City of Wakefield Metropolitan District Council (£½m.), Blaby District Council (£0.2m.), Bolsover District Council (£½m.), South Oxfordshire District Council (£½m.), London Borough of Newham (£½m.), Hertsmere District Council (£½m.), Pendle District Council (£½m.), Blackpool Borough Council (£½m.), Broxbourne District Council (£½m.), Cleethorpes District Council (£½m.), Borough of Cynon Valley (£½m.), Shrewsbury and Atcham Borough Council (£½m.), are all issuing 10¼ per cent. bonds due July 28, 1976, at par.

Gosport Borough Council is issuing £½m. 12¾ per cent. bonds due July 26, 1978, at par.

PEGLER-HATTERSLEY

Pegler - Hattersley announce that acceptances have been received in respect of 3,859,[illegible] Ordinary shares, about 78 per cent. of the total number of shares offered by way of rights. Shares not taken up have been sold for the benefit of entitled holders.

LONDON UNITED

In connection with the London United Investments rights issue acceptances have been received for 1,893,664 shares representing 98 per cent. of the issue. The shares not taken up have been sold for the benefit of entitled holders.

UNICORN INDUSTRIES

Morgan Grenfell and Co. and Lazard Brothers and Co. announce that about 81 per cent. of the 4,747,508 Ordinary shares of Unicorn Industries offered by way of rights has been taken up. Underwriters are being called upon to take up the balance.

Mid-term rise at R. H. Lowe

Clothing manufacturers, Robert H. Lowe and Co. reports an advance in profits from £[illegible] to £170,402 for the half year to May 2, 1975 before tax up by £77,900 to £85,500.

The net interim dividend is maintained at 0.875p. Last year's total was 2.976p paid from profits of £311,890 before tax.

GODFREY DAVIS

In the year ended March 1975, profits of Godfrey Davis declined from £1.66m. to £1.[illegible] On Monday the 1973-74 figure was inadvertently reported as £16.61m.

Rank slips to £29.2m. in first 28 weeks

DESPITE A sales rise of some £25½m. to £156m., group pre-tax profits of the Rank Organisation slipped from £31.07m. to £29.19m. in the 28 weeks ended May 10, 1975.

The trading profit was £5.92m., compared with £6.1m., to which is added share of profits of associates owned jointly with the Xerox Corporation of £31.43m., against £30.77m. together with the share of other associates' profits and other income brings the profit total, before interest and tax, up to £40.27m., against £40.59m.

Providing for tax, minorities and Preference dividends the first half balance attributable emerged at £13.38m., compared with £14.87m., giving earnings per 25p share of 8.9p (9.9p).

As foreshadowed at the time of the April Offer-for-Sale to raise £26.9m., the interim dividend is 2.1875p net. Treasury approval has been received to pay a total of 6.478947p compared with 5.579296p for 1973-74—representing an increase of 17½ per cent. at the gross level.

Chairman Sir John Davis says he regards the result as not unsatisfactory, taking into consideration the difficulties the group's activities have faced, but disappointing "bearing in mind our growth potential."

As regards the share of profits of the Xerox companies it is anticipated that the second half of the year will show a modest profit rise over the same 1974 period. This will give marginal growth for the year, apart from the provision for write-offs and losses arising on the phase-out of the computer activity, which was announced yesterday.

Xerox revealed that it was to cease the manufacture and sale of its "stand-alone mainframe" digital computers over the next 12 months.

Sir John says that management approached the year with two main objectives, to conserve resources so that the group will be in a position to take advantage of opportunities which will undoubtedly come when economic conditions improve, and by continuing the policy of critically examining proposed capital expenditure so as to strengthen the liquid position and reduce outstanding commitments.

The proceeds of the Offer-for-Sale coupled with the rigid curtailment of capital expenditure, the renewal and extension of existing loans of £24m. and creation of new loans of £4m., have materially improved the group's financial position.

At May 10, authorised outstanding capital expenditure totalled £60m., against which there are unutilised current financial resources of a figure somewhat in excess of this sum.

	28 weeks 1974-75 £000	1973-74 £000
Turnover	156,037	130,347
Trading profit	5,924	6,106
Share of Xerox* profits	31,430	30,775
Other assocs.	2,225	1,961
Dividends and interest	687	1,744
Making	40,266	40,586
Interest payable	11,072	9,514
Profit before tax	29,194	31,072
Taxation	14,756	15,207
Net profit	14,438	15,865
Minorities	743	677
Attributable	13,695	15,188
Preference dividends	314	314
Attributable Ordinary & A	13,381	14,874
Interim dividend	3,722	3,285

* Share of profits of associates owned jointly with Xerox Corporation.

As in the past, the pre-season expenses and revenue from Butlins have not been included in the interim figures. Sir John is satisfied that its annual profits should be maintained.

On the leisure side he reports that losses by Rank Radio International show a further deterioration, while the losses of the hotel division are in line with those of a year ago. Profits of Rank Industries Australia show a dramatic increase.

At Rank Precision Industries—which broadly maintained its pre-tax profits at £16.75m. (£16.63m.) in the half year—the chairman states that while certain activities have made progress and the order book is still strong, other activities have problems which have not been resolved.

The difficult conditions have resulted in the reduction, postponement or cancellation of substantial orders on two plants—Rank Optics, Leeds and Rank Pullin Controls. Necessary production changes at the Leeds factory have involved additional expenses and substantial redundancy payments.

First-half results of A. Kershaw and Sons show available profits little changed at £1,031,000 (£1,019,000).

See Lex

He adds that the fuel oil and heating services company continued to make progress in the U.K., but difficulties were and still are being experienced in its Brussels diversification.

Certain of the problems surrounding the United Lubricants move have now been overcome, and adjustments have been made to the level of overheads to sales. The new headquarters at Sutton-in-Ashfield are being used to secure greater diversification within the lubrication markets that this company serves. These benefits will, of course, take time to be achieved, he declares.

	Six months 1974-75 £	1973-74 £
Turnover	2,710,745	1,968,533
Lubricants	704,103	521,279
Fuel oil & htg. svcs.	1,818,309	1,267,131
Motor trade	188,333	180,123
Loss before tax	35,187	*41,296
Tax credit	16,297	†21,474
Net loss	18,890	*19,822

* Profit. † Debit.

Progress by Atlas Stone

MANUFACTURERS and distributors of building materials, Atlas Stone, reports an expansion in pre-tax profits from £282,104 to £396,924, for the six months to April 30, 1974, on turnover up from £3.04m. to £4.21m.

The directors state that reduced activity in the building and construction industries during the last few months has resulted in a slackening in demand for building materials which will affect profitability in the current half year.

They add that it is not possible to foresee future trends as these must be affected by action taken by the Government from time to time.

Earnings per 25p share are shown to have risen from 3.44p to 4.9p and the interim dividend is stepped up from 1.75p to 1.85p net. Last year's total was 4.549p from profits of £890,817.

Tax for the half year takes £203,000 (£146,500) leaving the net balance £58,320 ahead at £193,924.

First half loss at Utd. Guarantee

A loss before tax of £35,187 was incurred by United Guarantee (Holdings) in the six months to March 31, 1975, compared with profits of £41,298 in the corresponding period and £70,994 in the last full year.

Chairman Mr. G. R. Roots says that while the pervading situation within the company's markets makes it extremely difficult to forecast ahead, there is every indication that the group has now regained its balance and is endeavouring to increase its momentum.

£0.5m. fall at Graig Shipping

A DECLINE in pre-tax profit from £1.6m. to £1.05m. is announced by Graig Shipping Company for the year to March 31, 1975.

After tax of £575,881 against £920,307 the net balance is down from £675,989 to £470,133 to which is added a profit on the sale of a vessel of £1.37m. after tax.

The dividend is raised from 13.166p to 13.97p with a final payment of 7.97p net.

● comment

Graig Shipping's profits went into an abrupt decline in the second half of 1974-75—after more than doubled profits at the interim stage—as the first real effects of the freight market depression began to bite. The group, which embarked on a trimming operation last year, has two more ships up for sale in 1975-76, one of which, a 50,000-tonner, was acquired as part of a pair only in 1974-75. These disposals will leave the group with three vessels, of which only one is currently time chartered. The others, including the second 50,000-tonner, are now working in the depressed spot market. The streamlining programme should help to boost the group's cash balance to around £700,000 by the year-end (compared with just under £400,000 at the end of 1974-75) but with a further substantial reduction in profits apparently inevitable in 1975-76 the Ordinary shares, which at 430p are yielding 5.1 per cent. in a narrow market, may be in need of support.

Improvement at Johnson Construction

After a fall from £75,640 to £31,793 at halfway taxable profit of Johnson Construction Equipment Group shows a £52,006 increase at £176,039 for the full year to March 31, 1975.

Stated earnings are 4.6p (3.1p) per 25p share and the dividend is lifted from 1.4875p to 1.585p with a final of 1.135p net.

	1974-75 £	1973-74 £
Turnover	2,487,278	2,083,055
Pre-tax profit	176,039	124,033
Tax	96,417	54,369
Net profit	79,622	69,664
Attributable	77,812	62,318
Dividends	26,028	24,900

During the second six months although some suppliers continued to cause considerable difficulties, the volume of output and sales achieved was "very substantially" higher.

The sales of products and hiring services to the home market showed some contraction, while the exports of the group more than doubled to £955,497.

Current order intake remains satisfactory but the unusually heavy backlog of orders of a year ago have now been reduced to more normal proportions.

Timber loss hits Ingall profits

Including a loss of £216,000, against £135,000 profit, from Warrington Timber, profit before tax of Ingall Industries slumped from £304,000 to £8,000 during the nine months ended March 31, 1975.

Excluding Warrington, which has been sold for £20,000 subject to the approval of loan stockholders, profit increased by more than 30 per cent. to £224,000. The sale is effective from April 1, 1975.

The directors report that in the last three months of the current year all remaining companies—with interests in funeral furnishings and light engineering—have continued to trade profitably and subject to general economic conditions, "should continue to do so."

As known, they anticipate a final dividend of 1.84p net, which will raise the total from 2.725p to 2.89p, the maximum allowed.

For the full year to June 30, 1974, pre-tax profit totalled £370,000.

	Nine months 1974-75 £000	1973-74 £000	Year 1973-74 £000
Sales	3,223	3,990	4,175
Trading profit	149	359	505
Interest payable	141	85	135
Pre-tax profit	8	304	370

N. Brown Investments

N. Brown Investments had re-assessed its long-term programme to fit in with the economic background and the conditions in which the group had to operate, the annual meeting was told.

The present task was to reduce volume on certain types of sales which gave rise to high costs, high stock levels and long credit periods; and to increase, wherever possible, the turnover of merchandise where there was greater efficiency in terms of net profit and stock turn.

Near £33m. drop at NatWest

PRE-TAX profits of National Westminster Bank were sharply down at £53.33m. in the first half of 1974 against £86.15m. in the comparable period of last year. But the results were substantially higher than the £34.13m. recorded in the second half of 1974.

The results have been hit by £18m. of additional provisions against advances, compared with £30m. in the second half of 1974, and £15m. in the first half of last year. But this time there is no extra provision for pensions, which absorbed another £10m. in the first half of 1974.

	First half 1975 £000	1974 £000
Trading surplus	71,518	111,306
Additional advances	18,000	15,000
Additional pensions	—	10,000
Associates	1,565	3,325
Staff profit-sharing	1,754	3,482
Profit before tax	53,330	86,140
Taxation	30,330	48,000
Minority	348	144
Preference div.	348	348
Extraordinary debits	1,293	*470
Attributable Ordinary	21,118	37,076
Ordinary div.	7,934	7,340
Retained	13,184	29,736

* Credits.

The £18m. provisions this time include the £8m. set aside by the Lombard North Central instalment credit subsidiary, as already announced. The bank has also reduced extraordinary items of £1.29m., mainly related to its holding in Finance for Industry.

Commenting on the results, the bank said that compared with the two previous half-years, the rate of growth in sterling deposit resources had slackened and average interest rates had eased. At the same time, "inflationary pressures have caused significant increases in costs." With the limited growth in demand for advances, however, there had been less recourse to the wholesale market for funds.

Because of the uncertainties surrounding the country's economic position, the bank said, "it is not possible to make a confident forecast for the remainder of the year." However, with increased expenditure for staff and other running costs, "the results for the year are likely to be lower than for 1974."

The bank has declared an interim dividend of 4.26885p a share for the year, equivalent to 6.56716p with the related tax credit. This represents a rise of 10 per cent. from the previous year's payment.

Earnings for the half-year are shown as 12.213p (19.945p) basic and 11.555p fully diluted.

See Lex

Birmingham Mint deficit

AFTER A loss on metal stocks of £127,000 against profits of £114,000, Birmingham Mint finished the year to March 31, 1975 with a pre-tax deficit of £122,000 compared with a surplus of £654,000 for 1973-74. At half way the deficit was £73,289 against profits of £316,876.

The dividends is 3.5655p net equalling last year's total.

Turnover rose from £5.45m. to £6.53m. a tax credit of £52,000 (charge £313,000) leaves a loss of £70,000 (profit £341,000 before extraordinary debits of £45,000).

The setback was caused principally by a fall in demand for copper waterfittings to less than half the previous year's level, and by prolonged difficulties in commissioning new casting equipment for coin production.

In the last quarter the major problems were largely overcome, and the group has now returned to a satisfactory level of profit with minimal borrowings. The order book for minting is very healthy. The copper waterfittings and tube activities have been sold and some £500,000 is being realised from the closure. The new venture in direct marketing of collectors' items has been successful and is now contributing usefully to profit.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price p	+ or −	Div. % or Amount	Times covered	Gross Yield	P/E Ratio
‡	F.P.	—	172	155	Akroyd & Smithers	155	......	x80	1.7	12.1	7.6
48	F.P.	11/7	56	48	Clive Discount (20p)	51	−½	15	—	9.0	—
‡‡	F.P.	—	195	185	Estates House	195	......	TA97	1.16	2.5	58.4
55	F.P.	21/8	55	55	Lawrence (Walter)	55	......	b18	2.7	8.2	—

FIXED INTEREST STOCKS

Issue Price	Amount Paid up	Latest Renunc. Date	1975 High	1975 Low	Stock	Closing Price	+ or −
‡‡	F.P.	21/8	93	89⅝	Adwest Grp. 10½% Cnv. 96/2000	90	......
$100	F.P.	—	101	99½	Barclays Bank Int 9½% Capital Notes 1982	100½	......
£100	£10	7/11	11¼	10¼	Barnet Corp. 13½% 1980	10¾	−¼
£100	£10	7/11	12¼	10½	Do. Do. 14% '84/5	11⅝	+⅝
£100	F.P.	—	100	99¾	OSR 9½% Notes 1980	99¾	......
**£99	£10	12/9	10½	9¾	Camb. Water 9% Red. Pref. 1980	10¼	−¼
£97½	£50	12/9	50⅝	48⅝	City of Westminster 13% Red. St. 1981	50⅛	......
£98½	£10	6/12	11⅛	10⅞	Derby C. C. 13½% Stk. 1982	10⅞	−⅛
‡£99	£10	29/8	11¼	10¾	East Surrey Water 9% Red. Pref. 1980	10¾	......
‡£100	Nil	—	4	1½	English Properties 12% Conv. Ln. 2000/5	1½pm	−½
£100	F.P.	—	106½	102½	Ennia Finance (U.K.) 9% Conv Gtd Uns Ln 85-90	103½	−½
£99	F.P.	31/7	112	100⅜	Folkestone Dist. Water 9% Red. Prf. 1980	100½	......
£100	£50	28/10	54¼	53	Hoechst 10% Guar. Ln. 1990	53	−¼
‡£100	F.P.	23/7	107½	102½	Mitchell Cotts 13% Conv. Uns. 90/5	100½	−2½
£99	F.P.	31/7	112¾	100⅜	N. Surrey Water 9% Red. Prf. 1980	100½	......
‡£100	Nil	—	5	—	Prop. Hldgs. & Inv. 9% Conv. '90/5	½pm	......
£99	£10	29/8	10¾	10¼	Sunderland Water 9% Red. Pref. 1980	10¾	......
‡‡	F.P.	—	86	77½	Turner Curzon 16% Conv. Uns. '78-80	86	+1
‡‡	F.P.	29/8	101¾	99¾	Whitbread 11% Conv. 1995	99¾	−½

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Dates †	‡	Stock	Closing Price p	+ or −
110	Nil	28/7	25/8	Anderson Strathclyde	2pm	......
43	F.P.	20/6	8/8	Associated Engineering	49	+1
25	F.P.	7/7	21/8	Barrow Hepburn	35	......
85p	F.P.	2/7	1/8	Bell (A.)	99	......
45	F.P.	7/7	10/9	Bes Intl	44	......
115	F.P.	21/7	1/9	Bowater	133	−4
50p	Nil	25/7	5/9	Brit. Steam Specialties	1½pm	−½
40	F.P.	3/7	8/8	Carless Capel	58	−1
30	F.P.	21/7	29/8	Century Oils	35	......
A$1.50	F.P.	2/7	7/8	Commercial Bank of Australia	213	......
45	Nil	6/8	4/9	Comp Air	3½pm	......
72	Nil	30/7	28/8	Dunbee-Combex-Marx	28pm	......
45	F.P.	26/6	25/7	Duport	40½	+¼
65	F.P.	4/7	21/8	Ever Ready	81	+1
10p	Nil	4/8	5/9	Feedex	9pm	+1
38	F.P.	11/7	1/8	GRI Int	40	+1
200	F.P.	4/7	7/8	Glaxo	344	−4
25	F.P.	21/7	11/8	Hazlewoods (Proprietary)	25	......
10p	Nil	29/7	3/9	Headlam Sims & Coggins	3pm	......
20	F.P.	22/7	8/8	Kwahu	22	......
105	Nil	30/7	15/8	Legal & General	8pm	......
60	F.P.	18/7	21/8	London United Invs.	65pm	......
25p	F.P.	25/7	20/8	Macfarlane Group	60	+1
210	Nil	1/8	29/8	Metal Box	15pm	......
10p	F.P.	2/7	8/8	NSS Newsagents	49	......
60	F.P.	9/7	8/8	Nurdin Peacock	77	......
105p	F.P.	21/7	29/8	Pegler Hattersley	106	......
180	F.P.	11/7	1/8	Phoenix Assurance	202	......
$A1.50	Nil	—	—	Poseidon	50pm	+5
5p	F.P.	11/7	5/8	Premier Cons Oilfields	11½	......
67	Nil	24/7	19/8	Redland	3½pm	......
108	Nil	—	—	Renold	6pm	......
20	F.P.	4/7	8/8	Root Harvesters	23	−1
10	Nil	28/7	12/9	Senior Engineering	2¼pm	+¼
27½	F.P.	10/7	21/8	Serck	32	......
80p	Nil	25/7	19/9	Siebe Gorman	26pm	−1
95p	Nil	25/7	5/9	Smiths Industries	¼pm	......
170	Nil	6/8	3/10	Tate & Lyle	18pm	+1
65	F.P.	17/7	7/8	U.K. Optical	84	+2
50p	F.P.	21/7	15/8	Unicorn	49	−1
110	Nil	5/8	29/8	Wheatsheaf Dist.	17	−1

Renunciation date usually last day for dealing free of stamp duty. a Placing price to public. b Figures based on prospectus estimate. d Dividend rate paid or payable on part capital, cover based on dividend on full capital. p*** Pence unless otherwise indicated. x Forecast dividend: cover based on previous year's earnings. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividends. ** Issued by tender. ‡ Offered to holders of Ordinary shares as a "rights." ● 290 S.Afr. cents. ‡ Rights by way of capitalisation. †† Tender allotment price. ◆ Reintroduced. ‡‡ Issued in connection with reorganisation, merger or take-over. ♣ Introduction. ♠ Issued to former Preference holders. ‡ Allotment letters (or fully-paid). † Provisional or partly-paid allotment letters. ‡ With warrants.

Saint-Gobain jumps on the KWU bandwagon

BY RUPERT CORNWELL

PARIS, July 21.

THE FRENCH chemicals and engineering group Saint-Gobain-Pont-à-Mousson is deeply involved in negotiations with the Frankfurt-based AEG to buy half of the latter's 50 per cent. stake in the West German nuclear plant company Kraftwerk Union.

News of the discussions only filtered out in Paris last night, but the development is already being seen as an additional complication in the intricate talks now going on between Government and industry in France over the future of the country's ambitious nuclear energy programme.

According to a Saint-Gobain spokesman, his company was approached by AEG some time ago as a possible partner in KWU—a natural move by the German group since its nuclear involvement has cost it dear, culminating in the lion's share of AEG's DM684m. loss in 1974.

But the deal nonetheless is defended in Paris as good industrial sense. Should it go through, Saint-Gobain would not become involved in risky pure nuclear technology *per se*, but only supply the specialised pipe, tube and valve equipment that it already can manufacture.

Saint-Gobain's contemplated alliance with AEG comes at the same moment as the major French electronics group CGE is seeking a different kind of agreement with KWU, and for very different ends.

Faced with the prospect of being squeezed out of the French nuclear programme with its American GE licence—if, as is possible, the Government decides to opt for a single supplier in the shape of Framatome and its Westinghouse PWR reactors — CGE is busy securing its own flanks.

A fortnight ago word emerged of its plans, by which it would eschew a direct financial holding in KWU, in favour of a technical co-operation deal that would keep it in both pressurised and boiling-water reactors.

Everything now is in the melting pot as the Government makes up its own mind. Both the Saint-Gobain and CGE proposals will figure in its deliberations, and yesterday's InterMinisterial discussions promise to be but the first in a long series to thrash out a nuclear policy.

In Germany, neither AEG nor Siemens, which holds the other 50 per cent. of KWU, was prepared to comment on the news from Paris. Siemens, however, is known to have reservations about taking over KWU, and the accompanying financial risks, in their entirety.

The affair also has considerable political overtones, and could conceivably figure in the forthcoming Franco-German summit talks. Co-operation between the two countries in the vital area of nuclear power would be a more than useful advertisement for Community solidarity.

For Saint-Gobain, curiously unconcerned by the stir that its now known interest in KWU is causing, involvement in Germany would be nothing new. Already Frs.4bn. (£430m.) of its sales come from subsidiaries in the Federal Republic, while associates generate a further Frs.3.8bn.

Fiat's investment budget

BY ANTHONY ROBINSON

ROME, July 22.

IN SPITE of the sharp downturn in the automobile, truck and allied sectors, Fiat intends to invest around L350bn. (£250m.) this year in new plant and diversification into non-auto sectors. This is in line with the record level of investment in 1974. Revealing this, Fiat Finance Director Sig. Cesare Romiti underlined that Fiat still believes in the future of the automobile and that its heavy past investment in new plant and models will enable it to be a major gainer from an eventual upturn in the car market. Emphasis on investment in other sectors will, however, reduce overall dependence on motor cars from the present 60 to around 50 per cent. within a few years.

Fiat is relying on natural wastage and internal labour mobility to trim its car labour force. But it is not dismissing workers and believes that West Germany's decision to limit the future growth of its own auto industry will leave a useful additional market space for Fiat cars. In this context Sig. Romiti also explained Fiat's desire for closer integration between Fiat and the partly-owned Spanish subsidiary SEAT, although this remained essentially a political problem depending largely on Spain's future integration into the European Community.

Creation of the Iveco truck subsidiary, grouping together Fiat's industrial vehicle division, its French subsidiary Unic and Magirus Deutz in Germany, has, meanwhile, made the Fiat-controlled group second only to Mercedes-Benz in Europe with the aim of achieving first position and being in a position to challenge the Major U.S. producers as well, he said.

Sig. Romiti insisted that Fiat's strategy of creating a holding company structure and hiving off its various industrial sectors into separate operating companies with central planning and financial control was aimed at increasing operational efficiency and did not mean a progressive withdrawal from Italy. Ownership, financial control, planning, research and development remained in Italy while the establishment of foreign production facilities, as in the new Brazilian complex at Belo Horizonte, and joint ventures such as Iveco and Fiat Allis represented the best opportunity for expansion and exports from Fiat's Italian plants, he said.

Apart from its automotive interests Fiat also holds a 50 per cent. stake in the Aeritalia aircraft construction company alongside the Iri-Finmeccanica group. But Sig. Romiti revealed that Fiat intends to withdraw from its participation in this venture.

Meanwhile negotiations are taking place between the Argentine-born industrialist Alessandro de Tomaso and Citroen for the former to take-over the Maserati luxury car company, closed by its French owners over a month ago following its decision to stop production of the Maserati-engined Citroen SM model.

Citroen has reportedly reduced its original L8bn. price tag to L6bn. but Sig. de Tomaso is pressing for a lower price. He intends to continue production of Maserati luxury sports cars and also parts for his existing motorcycle companies, Benelli and Moto Guzzi.

NSM Fls200m. expansion

BY MICHAEL VAN OS

AMSTERDAM, July 22.

NEDERLANDSE STIKSTOF Mij (NSM) said it planned to invest some Fls.200m. in expanding its ammonia production by some 50 per cent. from the current level of 660,000 tons a year.

Whether the expansion will go ahead, and the exact extent of it, depends on the outcome of negotiations with Gasunie on the additional supplies of natural gas. It is understood that the Economics Ministry in the Hague, which now vets all requests for new or additional gas supplies—the Dutch Government is anxious to deplete its remaining gas reserves as slowly as possible—has approved the opening of negotiations on the contract by NSM and Gasunie.

NSM, whose production is concentrated at Sluiskil in Holland, is a majority interest of the Italian Montedison company. There are two other partners, ICI with a 25 per cent. stake and Lorraine-Escaut with the remaining 6 per cent.

Tax change hits U.S. oil profits

By Our New York Staff

NEW YORK, July 22.

EXXON, WHOSE revenues last year made it the largest industrial company in the nation, reported a 14 per cent. decline in second-quarter earnings. Net income fell to $535m., or $2.30 per share, on revenues of $11.7bn. from $814m., or $3.64 per share, on revenues of $11.4bn. during the same period last year.

In contrast, Standard Oil of Ohio, an integrated oil company, 25 per cent. owned by British Petroleum, eked out a narrow rise in earnings. Net income for the second quarter was $38.1m., or $1.94 a share, against an operating net of $37.5m., or $1.02 a share, in 1974. (The final earnings figure in 1974 of $1.37 per share included a $12.8m. tax-loss carry-forward.)

Petroleum operations for both companies suffered in the first half of the year, but Ohio's income was bolstered by its chemical and coal operations.

Analysts, pessimistic about the 1975 earnings picture for the petroleum industry, have predicted a 30 to 35 per cent. drop in net for the U.S.-based international oil majors this year.

According to Exxon chairman James K. Jamison, the loss of the oil depletion allowance, under the tax reduction act of 1975, has had precisely the negative impact on earnings which he predicted earlier this year. Net income was reduced by $173m. in the first half, although the company had forecast a $200m. drop for the full year.

To add to the pressure on income, the inventory profits which sent Exxon's earnings sky-rocketing last year have vanished this year, and their absence cost the company $150m.

A further slice was taken from the profits by unfavourable currency exchange fluctuations, which were not a factor last year. During the first six months of this year, however, when income from foreign subsidiaries was converted into dollars, it cost the company $46m.

Although earnings from chemicals and plastics bolstered income for Sohio by $35.6m. in the first half, against $24.6m. in the same period last year, Exxon did not fare as well. The industry giant's earnings from its chemical products fell a dramatic 35 per cent. Revenues from chemical sales tumbled 5.9 per cent., while sales volume fell 25 per cent.

As an international oil major, Exxon has been hard hit by the lower industrial activity throughout the world. This was a negative factor for both its petroleum and chemical sales.

XEROX

A strategic withdrawal

BY CHRISTOPHER LORENZ

XEROX's decision to stop making and selling its computer range does not put an end to its involvement with data processing, as a first reading of Monday night's New York announcement — and Rank Xerox's U.K. statement — might suggest. For the whole future of the mainstream Xerox business, copying and duplicating, is tied to office computerisation, a trend which has gathered momentum in the past year and which has been heralded as paving the way for the "automated" office.

The decision to try and sell, but certainly to quit, its current computer mainframe operations reflects Xerox's belated acceptance that it made an expensive mistake in buying Scientific Data Systems in 1969, thereby gaining entry to the computer business for the first time.

Xerox had correctly identified the need for a major office products company to get into computers, especially one whose bread-and-butter business—paper processing — would eventually face a major challenge from data processing. But, as SDS's very name implied, its computers were highly complex, versatile machines, far better suited to scientific applications than straightforward, high-volume processing of information for the office. At the time of the SDS takeover, Xerox was criticised both for the high price ($910m., raised through a share issue), and for not getting together with an established small computer maker such as Burroughs. With hindsight, a better move might have been a deal with DEC, which is now "the IBM of the minicomputer world." But Xerox chose to enter not only a new product sector, but also new market area.

The attractions of SDS were considerable at the time. Founded 14 years ago by Max Palevsky, a former philosophy teacher, it had concentrated from the start on small to medium-size scientific and process control computers. It claimed to be the first U.S. company to supply complete computers to the Soviet Union (in 1967), and gave licences to Britain's GEC (terminated in 1968) and France's CII, which after the takeover continued the relationship with Xerox until last year.

SDS's Sigma range of machines was developed with future enhancements in mind, enabling Xerox to avoid massive spending at an early stage on a successor line. Within their traditional market places, the scientific, real-time and time-sharing worlds, the Data Systems parts of Xerox and Rank Xerox have been reasonably successful. Last year was a record one for orders, and only last month Rank Xerox proudly staged a major Press conference to report a 25 per cent. annual growth in its European installed computer base, 30 per cent. growth in the U.K. over two years, and to forecast another good year in 1975. But computer manufacture and sales still only account for 2 per cent. of Xerox Corporation's $3.5bn. revenues (peripherals, terminals and computer bureaux, which are to be continued, account for about the same again), and in Rank Xerox's case the proportion is slightly under 2 per cent. of its £482m. turnover (both 1974). In the U.K., Rank Xerox's strongest computer market, last week's Government survey gave it only 49 installations and 1.2 per cent. of the market, and Xerox's U.S. market share is only marginally higher. This relatively small market base has combined with the high cost of engineering the complex, tailor-made installations to give Xerox an average yearly loss of about $25m., according to its chairman, Mr. Peter McColough. Rank Xerox has been losing about £400,000 a year, it is estimated.

Had Data Systems been in the right part of the computer market for Xerox, the $150m. plus now needed to develop a new range of equipment could have been found without difficulty by such a large organisation, and annual losses of $25m. easily borne, especially since losses are inevitable in the early years of building up almost any rental business, particularly computers.

> "Had Data Systems been in the right part of the computer market for Xerox the $150m. plus now needed to develop a new range of equipment could have been found without difficulty . . ."

As it is, use of the guillotine has been speeded by Xerox's current profits slide.

If the Sigma range appeared unsuitable for office computing in 1969, subsequent developments have made its Xerox successors even more so in 1975. As far as technology is concerned, processing power has been compressed into a smaller and smaller area, so that many a minicomputer can outperform a much larger "mainframe" machine, and so that even minicomputer successes such as DEC are facing a challenge from below, from the "computer on a chip," the microprocessor. One office computer manufacturer after another is making greater use of these smaller and much cheaper units of processor power, and office equipment of various types is beginning to be linked together by them. This trend is fostering the growth of the OEM (other equipment manufacturer) business, with specialist minicomputer and microprocessor makers supplying to manufacturers of editing typewriters, for example.

Parallel with these developments has gone much psychological and commercial heart-searching about the shape of the automated office of the future. Not surprisingly for a supplier of mainframe computers, IBM has—at least for the moment—plumped for the centralised system, where a whole division, plant or even company will have its office operations linked with one large computer. For equally good commercial reasons, including a postponement of the inevitable head-on clash with IBM, Xerox and others are concentrating on the distributed approach. But a decentralised strategy may also be more acceptable to managers and office workers. "What we have to develop," a senior Xerox executive told Business Week last month, "is the 'friendly machine.'"

As well as the editing typewriters, printers and terminals which Xerox will continue to make, such a system will require a series of mini or microcomputers. The question is whether Xerox will choose to make them itself, forge a partnership with a major established supplier—currently the most likely possibility—or buy them on a normal OEM basis. Whatever the outcome, it means that both Xerox and Rank Xerox will have to continue to concern themselves closely with computers. The Rank Organisation in particular must consider the mini and micro-computer needs of its other interests, such as Rank Precision Industries, which may have been overshadowed by the Data Systems effort up to now.

Apart from underlining the high cost of developing new systems and securing a sizeable share of the computer market, the Xerox move is very different in nature from the sell-out of American GE and RCA in 1970-71. It is less immediately significant to the stock market, Xerox's write-off against second quarter profit being $84.4m. against RCA's $250m. special reserve, though the 1969 issue turns out to have diluted the equity. It is also far less important to the general purpose computer market. This is of little consolation to the 2,700 employees at Data System's Californian factory and headquarters, the 1,400 in the field, and the 425 outside the U.S. Like his U.S. counterpart, Mr. J. M. Thomas, Rank Xerox's Chairman and Chief Executive, hopes to redeploy those affected (over 260 in the U.K.). But this a far cry from the optimism of June 5, when all the talk at the Press conference was in terms of a glowing future for Rank Xerox Data Systems.

Hugo Stinnes profits halved

BY GUY HAWTIN

FRANKFURT, July 22.

HUGO STINNES, the broadly based transport, trading and services group, has reported that earnings were halved in the first six months of the year. Even so, considering the economic situation and the business is in, the first half performance is considered by observers here to be more than satisfactory.

January to June turnover totalled DM4.2bn. and maintained the level of the same period of 1974. Furthermore the group managed to achieve this despite substantial falls in prices in many of the sectors in which it is involved.

Stinnes, the subsidiary of Veba, the vast West German energy concern, reported that sales had been hit by the collapse of the international steel market and normalisation of the chemicals and heating oil market. Demand in the fuel trading sector had fallen by 20 per cent., though this was considerably better than the sector's average.

Fuel product prices had been utterly unsatisfactory according to the executive Board. Heavy heating oil, to cite one example, had come down from a price of DM220 a tonne to DM150 a tonne. Refiners had been cutting back on production, said the group, and because of this an increase in prices was expected. Also, a cold winter could bring about a shortage.

In the chemicals trade sector, however, there had been a strong breakthrough in earnings. Improvements were expected in the construction materials sector, while there had been a small loss in the steel trade sector.

The Stinnes management has taken tough action on costs and it believed that overheads will not rise by more than 1 per cent. this year. The work force is being trimmed by some 770 employees and a complete halt has been put on recruitment—a measure that will remain in force until the end of the year.

Dr. Guenter Winkelmann, the Stinnes chief executive, does not believe that there will be an economic upswing this year. He has stated that he thinks demand, both on a home and international level, will remain weak until the end of the year.

As to the future, the Hugo Stinnes management is planning on much stronger expansion abroad, where they believe there are greater possibilities for business growth than at home. In 1975 the group has budgetted for capital investment of DM175m., of which between DM50m. and DM60m. will be earmarked for overseas.

HK and Shanghai pays same

Financial Times Reporter

HONG KONG AND SHANGHAI Banking has declared an interim dividend of HK$0.16 per share for the year ending December 31, 1975. This is the same total distribution as for the interim dividend in 1974. The interim dividend is payable on the issued capital as increased by the one-for-four free scrip issue held in March this year.

The Directors expect to recommend a final dividend of not less than HK$0.36 per share to make a total distribution of not less than HK$0.52 per share for 1975.

The bank says falling interest rates and rising overheads have affected results in most areas in which the Group is represented, but increased exchange activity has largely mitigated these adverse conditions.

Whereas the level of profit is marginally lower than for the corresponding period in 1974 there are indications that interest rates will stabilise and business conditions generally will improve, both of which should materially benefit the Bank's operations during the second half of the year.

Bank Leumi rights issue

By L. Daniel

TEL AVIV, July 22.

BANK LEUMI Le Israel—Israel's oldest and largest commercial bank—is calling an extraordinary general meeting for July 29, to consider the proposed creation and issue of up to I£225m. nominal (£17m.) of convertible capital notes (with warrants), to be linked in part to the consumer price index.

The interest rate, and terms of issue are to be determined by the directors, who will also ask the meeting to authorise the issue of I£12.5m. (slightly less than £1m.) of ordinary "A" shares of I£1.0 each for subscription by the bank's staff.

Company Results

Consolidated Edison growth

● Consolidated Edison second quarter earnings were 69 cents per share (61 cents). Net income was $42.6m. ($37.8m.) from revenue of $638.8m. ($586.3m.). Half year figures were $1.73 ($1.18), $106.7m. ($72.3m.) and $1.32bn. ($1.14bn.).

● General Foods first quarter earnings rose to 66 cents (57 cents) per share. Sales were $892.7m. ($825m.) and net income $32.9m. ($28.3m.).

● B. F. Goodrich second quarter earnings fell sharply to 71 cents per share ($1.41) or net of $10.73m. ($20.61m.) on revenues of $496.4m. ($533.2m.). The 1974 net excludes a loss of $515,000 or four cents per share for the second quarter from discontinued operations and a loss of $3.84m. or 27 cents per share from the cumulative effect of an accounting change.

● Minnesota Mining and Mfg. (3M) second quarter earnings fell to 58 cents (73 cents) per share. Net income was $66m. ($82.8m.) from sales of $786.3m. ($746.1m.). Six months figures: $1.09 ($1.37); $124.1m. (154.8m.) and $1.53bn. ($1.43bn.).

● Ingersoll-Rand second quarter earnings rose to $1.70 per share ($1.41) or net of $31.2m. ($25.4m.) on sales of $430.8m. ($347.8m.). The 1974 net has been restated to include pooling of interests and reflect LIFO adoption.

● Olin Corp. second quarter earnings per share rose to $1.70 ($1.47). Operating net income was $19.98m. ($17.29m.) from sales of $313.7m. ($343.5m.). First half figures were: $3.80 ($2.50); $36.22m. ($29.4m.) and $631.9m. ($654.7m.) respectively.

Net income for 1974 excludes a gain of $5.2m. in the second quarter and $11.4m. in the six months from discontinued operations.

● Burlington Industries third quarter (to June 30) earnings fell sharply to 40 cents per share ($1.01) or net of $11.1m. ($27.5m.) on sales of $492.8m. ($617.0m.). The net of 1974 includes a gain of $600,000 on the sale of the European subsidiary after accompanying tax credit.

● Eaton Corporation reported sales of $811.5m. for the first six months of 1975, with net earnings of $28.6m. or $1.63 per share. Sales were 6 per cent. below 1974's $862.4m. and net earnings declined 43 per cent., or $21.6m. Second quarter sales were $410.4m., down 9 per cent. from the record $453.2m. of 1974. Net earnings were $17.6m., a drop of 40 per cent. from last year's second quarter record of $29.4m. Earnings per share were $1.01 versus $1.71 for the 1974 period.

● Alaska Airlines achieved a record net income of $1.025m. for June, 1975, compared with $593,373 during June, 1974. Net income for the second quarter was $1.771m. compared to $789,373 during the same period in 1974; and net income during the first six months of 1975 rose 455 per cent. from $292,631 in 1974 to $1.624m. this year.

● National Gypsum second quarter net earnings fell to 33 cents per share (44 cents) on net of $5.32m. ($7.10m.) on sales of $143.2m. ($156.5m.).

● Rockwell International third quarter earnings fell to 81 cents per share ($1.15) or net of $27.4m. (37.3m.) on sales of $1.22bn. (1.22bn.).

● Libbey-Owens-Ford second quarter operating earnings fell to 63 cents per share (68) or net from operations of $8.4m. (8.8m.). After a gain of $4.1m. from the sale of securities the company earned $12.5m. or $1.01 in the latest period. There were no special items in the year earlier period. Sales fell to $171.8m. ($196m.).

● Republic Steel second quarter net earnings fell to $1.35 per share (2.28) or net of $21.82m. (36.89m.) on sales of $615.7m. (713.1m.).

● UOP is paying a quarterly dividend of 22½ cents per share. Gross revenue for second quarter of 1975 fell to $150.67m. (175.99m.), while net income was $575,000 or 4 cents per share against $7.6m. restated or 76 cents per share). This brings net income for the first half of 1975 to $4.93m. or 48 cents against $15.64m. restated, or $1.57 per share).

● Bouygues net 1974 first half consolidated turnover rose 37 per cent. to Frs.992m. Parent company turnover rose 27 per cent. to Frs.701m. The group order book was valued at Frs.3.20bn. on July 1, slightly under the figure on January 1, 1975.

● Continental Oil is paying a quarterly dividend of 50 cents.

● Tollgate Holdings has declared a final dividend of 6.5 cents per share (1974—6.5 cents), making a total of 15 cents per share for the year ended June 30, 1975 (1974—15 cents), payable on or about August 29 to shareholders registered August 1.

Estimated unaudited earnings per share for the year ended June 30 are 40.63 cents (1974—39.34 cents).

Pemex floats K.Din.7m. loan

By Mary Campbell

PETROLEOS MEXICANOS has floated a Kuwaiti dinar 7m. ten year bond issue. The issue offers a coupon of 8¾ per cent. Managers were Kuwait Investment Company and Banque Arabe et Internationale d'Investissement.

In a related development, AP-Dow Jones reports from Mexico City that the Director General of Pemex has said that it will have to double its overall production within five years to keep pace with domestic demand for petroleum products. He also said that Pemex will have to invest $14bn. in 1975-82 in diverse exploration, development and production projects in order to meet future expansion requirements.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Amax 8½pc 1986	99	100
Ashland 8pc 1987	92½	93½
Austrawsiss 8pc 1987	99½	98½
BFCE 9pc 1980	98½	99½
Borregaard 8½pc 1989	94½	95½
Carrier 8pc 1987	91	92
Conoco 8pc 1985	96½	97½
Consol. Foods 7½pc 1991	86½	87½
Cutler Hammer 8pc 1987	91	92
EIB 9½pc 1985	101	102
Esso 8pc 1986 Nov.	98½	99½
General Cable 8½pc 1987	89½	90½
General Motors 8½pc 1986	102	103
GTE 8½pc 1986	97	98
ICI 7½pc 1992	78	80
Nat. Grindlays 7½pc 1987	77	79
Pacific Light 8pc 1988	91	93
Prov. of Quebec 7½pc 1988	83	85
Quebec Hydro 8½pc 1989	86	87
Queensland 8½pc 1987	89	90
Scanraff 8½pc 1988	97	98
Shell 8pc 1986	97½	98½
Stand. Oil (Inc.) 8½pc 1989	99	100
Tenneco 7½pc 1987	88	89
Transocean 8pc 1986	98	99
TRW 8½pc 1986	96½	97½
Utah 8pc 1987	92	93
Volvo 8½pc 1985	99	100
NOTES		
Air France 9½pc 1982	101	102
Australia Ind. 10½pc 1981	103	104
Barclays 7½pc 1978	97	98
Cie Natl. Rhone 10pc 1982	103	104
Du Pont 7½pc 1978	101	102
Esso 7½pc 1978	100	101
General Motors 8½pc 1978	101	102
Marubeni 9pc 1982	100	101
Nippon Fudosan 10½pc 1981	102	103
Skandinaviska E. 10½pc '81	103½	104½
Tenneco 7½pc 1979	98	99
Tokyo Curacao 10½pc 1981	102	103

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	88	90
Ashland 5pc 1988	80	83
Beatrice Foods 4¼pc 1992	94	96
Beatrice Foods 4½pc 1992	96	98
Borden 5pc 1992	93	95
Broadway Hale 4¼pc 1987	75	77
Canon Camera 7pc 1989	91	93
Carnation 4pc 1987	89	91
Chevron 5pc 1988	100	102
Dart 4¾pc 1987	88	90
Eastman Kodak 4½pc 1988	110	112
Economic Labs. 4¼pc 1987	83	85
Ebdai 7½pc 1989	93	95
Ford 5pc 1986	84	86
Ford 6pc 1988	72	75
Fuji 6½pc 1988	168	
General Electric 4¼pc 1987	83	85
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	83	85
Halliburton 4¼pc 1987	138	
Harris 5pc 1992	66	68
Hitachi 6pc 1984	103	
Honeywell 6pc 1986	76	80
ITT 4½pc 1987	69	71
Komatsu 7½pc 1984	200	
J. Ray McDermott 4¾pc '87	148	150
Mitsui 7¼pc 1989	140	
J. P. Morgan 4¾pc 1987	121	123
Motorola 4¾pc 1983	128	131
Owens Illinois 4¾pc 1987	89	91
J. C. Penney 4¼pc 1987	84	86
Pioneer 6pc 1988	127	129
Rand Selection 5¾pc 1988	98	100
Rank 4½pc 1993	41	43
Revlon 4¾pc 1987	[illegible]	100
Sperry Rand 4¼pc 1987	[illegible]	[illegible]
Squibb 4¾pc 1987	[illegible]	[illegible]
Toshiba 6¼pc 1985	[illegible]	[illegible]
Union Carbide 4½pc 1982	[illegible]	109
Warner Lambert 4½pc 1987	[illegible]	[illegible]
Warner Lambert 4½pc 1988	[illegible]	[illegible]
Xerox 5pc 1988	[illegible]	[illegible]

Source: Kidder Peabody Securities.

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U.S. upturn for Plessey

WHILE TOO early to predict the future with any degree of certainty, Sir John Clark, chairman of Plessey says there are signs of a return to normal trading conditions in the U.S.

Order intake has increased dramatically over the levels of three months ago and "we are confident that our profit performance in the U.S. in the year ahead will be substantially improved over the year first ended."

Elsewhere, overseas companies, notably in Africa, Brazil and South East Asia have achieved an increased volume of business, despite inflationary and recessionary trends similar to those experienced in the U.K.

Turning to Australia, the chairman says that the accumulation of tariff decisions and the high *inflation rate placed some of the* group's Australian products into a non-viable situation. For this reason the manufacturing *activities concerned are being* closed down. This involves the capacitor and resistor operations.

This will have detrimental effects on next year's pre-tax profits but these will be offset by capital gains. The cash flow *generated by the closures will be* positive and should place the *region in a better position to show again a good return on capital* employed.

On the group's general outlook *the chairman feels that no* dramatic upturn can be expected until the level of trade improves.

In the 9 months ended March 31, *1975 group pre-tax profits* totalled £27.3m.—an 8.6 per cent. margin on sales of £318.9m. The profit figure is marginally higher than the published result for the equivalent 9 months.

Sir John says that during the period successive forecasts by the Post Office have indicated significant reductions in demand for telecommunication equipment, but on the export front order intake has been encouraging.

Research and development has continued in the fields of switching and transmission with increasing emphasis on digital techniques.

In the 9 months sales to the Post Office totalled £87m., while *total telecommunication* and transmission sales amounted to £146m.

On the radar side margins are under pressure in the U.K., but there has been a considerable expansion of business in the overseas defence and civil aviation fields.

The Garrard business has been streamlined and *Sir John* views the future with increasing confidence.

Group exports to the EEC are *forecast to rise from an annual* rate of £9m. to around £40m. by 1979.

A professional valuation of group properties at March 31 threw up a figure of £27.37m., compared with a book value of £15.76m. The surplus goes to general reserve.

Lord Harding (79) is not seeking re-election to the Board. Meeting Millbank Tower, S.W., August 21 at 11.45 a.m.

Chairman's statement Page 19

BOARD MEETINGS

The following companies have notified dates of Board meetings to The Stock Exchange. Such meetings are usually held for the purpose of considering dividends. *Official indications are not available* whether dividends concerned are interims or finals and the sub-division shown below is based mainly on last year's time-table.

TO-DAY

Interims—Berisfords, Bulloush, English Association of American Bond and Shareholders, Gillett Bros. Discount, Neil and Spencer, New Throgmorton Trust, *Nigerial Electricity Supply.*

Finals—Borelli Tea, Customagic Manufacturing, Energy Services and Electronics, Majuli Tea, Neepsend, Saint Piran, Unigate.

FUTURE DATES

Interims—	
British Australian Invest. Tst.	July 24
Clay (Richard)	Aug. 30
Plastic Construction	July 30
Prestige	July 31
Yule Catto	July 24
Finals—	
AAH	July 28
Cooper (Frederick)	July 31
LRC International	July 25
Letraset International	Aug. 4
Macarthys Pharmaceuticals	July 29
Somportex	July 30
Western Canada Investment	Aug. 4

BIDS AND DEALS

N.E. Timber accepts Mallinson offer

Shares in North Eastern Timber rose 6p to close at 54p last night *after the company announced that* it had accepted a £2.5m. bid from William Mallinson and Denny Mott, the international timber concern, whose shares closed down 3p at 27p.

Mallinson is offering one-and-a-half Ordinary 25p shares plus 15p in cash for every NET 20p share and two Preference shares for each NET Preference. Mallinson already owns 65,000 NET Ordinary and a formal offer document will be issued shortly.

The NET Board recommend acceptance of the offer and has accepted in respect of its own holdings of 1,821,297 Ordinary and 29,500 Preference shares representing 45.8 per cent. and 9.4 per cent. of the capitals.

This deal is the latest in a series of mergers within the timber industry which has traditionally been very fragmented. Mallinson, which had world-wide sales in 1974 of £120m., has greatly strengthened its position in the market for chipboard, the fastest growing sector in the industry. Mallinson and NET together will have about 15 per cent. of the £40m. chipboard market which *puts them only just behind the* leaders Montagu Meyer and Keizer Venesta.

NET, which had a turnover in its last financial year of about £18m., is also involved in the growing retail end of the timber business where Mallinson is interested in expanding further.

In its announcement Mallinson says that sales in the first five months of this year are running at a similar rate to that of the second half of last year in volume and value terms "and the directors are not aware of any factors that would reduce margins below those achieved in that period."

Mallinson intends to pay an interim dividend of 0.7p per share on the enlarged capital. Barring unforeseen circumstances, the directors intend to pay a final 10 per cent. above that paid last year.

Spode price too high for Wedgwood

Wedgwood, the large pottery and china group, is now no *longer interested in bidding for* Spode, the 200-year-old fine china concern owned by the U.S. group Carborundum.

This became clear yesterday when it was disclosed that the price Wedgwood was prepared to consider paying for Spode was not in the area acceptable to Carborundum. It is thought that Wedgwood's price range was approximately $7m.-$9m. (£3.2m.-£4.1m.), whereas Carborundum is believed to have been looking for at least £12m. (£5.5m.) and preferably more.

In a statement yesterday, Mr. *Arthur Bryan, Wedgwood's chairman,* said he had indicated to Spode a price bracket within which "we thought Wedgwood would be interested in buying Spode."

"The suggested price bracket for negotiation was based on very preliminary unaudited figures supplied by Spode. The Spode executive had stated that the suggested price was unacceptable. In these circumstances *Wedgwood has decided not to* pursue the matter," he added.

Wedgwood's own price was 1p lower at 163p. With the withdrawal of this large company from the "auction" for Spode, prospects for that concern's early sale may be in some doubt.

Thorn buying J. & F. Stone

Thorn Electrical Industries is increasing its stake in the retail end of the domestic appliance market. It is buying from Great Universal Stores the 100-strong J. and F. Stone chain of radio and electrical shops in a move which will put Thorn among the six largest electrical retailers in the country.

Thorn already has about 300 High Street shops trading under the name of Rumbelows as well as the Radio Rental, DER and Multi-Broadcast chains of television rental shops. The Rumbelow chain is strongest in the Midlands and the North, while Stones is best known in the South. For this reason, Thorn says the two groups are compatible, and it is likely that they will be merged to form one nationwide group trading under the name of Rumbelows.

The Rumbelows shops do not stock only Thorn appliances and the company was at pains to stress yesterday that the Stone shops would continue to sell other manufacturers' brands.

GUS bought out Stone in 1971 but it now feels that it makes more sense to sell its radio and electrical goods through its household stores division and mail order catalogues, together with its bigger shops.

MINING NEWS

Union Corpn. in Namaqualand

BY LESLIE PARKER, MINING EDITOR

AN AGREEMENT has been concluded *between Union Corporation* and O'Okiep-Newmont whereby the first-named mining house has the right to acquire up to a 50 per cent. *interest in what are* described as "certain mineral rights" held under option by O'Kiep-Newmont in South Africa's Namaqualand.

The rights cover an area of approximately 0.5m. hectares (1,930 square miles). The exploration phase will be managed by Union Corporation. Should one or more mines eventuate the management will "rotate between O'Okiep-Newmont and Union Corporation with O'Okiep-Newmont having the right to manage the first mine."

It was presumed in London last *night that the minerals being* sought were of the base variety not diamonds, for which Namaqualand is noted, although no official guidance could be obtained on this question. Newmont is a major U.S. mining house, O'Okiep a Namaqualand copper producer in which it has a 57 per cent. interest. America's Amax has a 17 per cent. stake in the latter.

Regarded primarily as providing *information about probable* average ore grade and costs of an orebody which has always been regarded as a geologically complex one.

CANADIAN 'HOT-SPOT'

The latest Canadian exploration "hotspot" is in the Bathurst district of New Brunswick. Companies involved are reported to be Noranda, Union Miniere, Newmont and Sabina Industries.

The last-named stated in its June annual report that it had acquired an option on 231 minerals claims in the area and *was negotiating with an international* mining company for financing and development.

It is understood to be adjacent to the find made by a local prospector with a copper-lead-zinc-silver content that has led to the New Brunswick Government conducting a mapping exercise of the area. Yesterday Sabina were 78½p in London.

GOLDEX ON THE ROCKS?

It looks as though one of Canada's newest gold-mining efforts may be heading for the rocks. It is the Goldex project in the Val d'Or area of Quebec. The initial ore run indicates a substantially less gold content than previously estimated. The average of a tiny 1.4 dwts a ton compares with a hoped for 3.4 dwts.

The company states that when it gets the final report on the initial mill throughput from its *consulting engineers a decision* will be made on whether or not the project will be discontinued. A company official is reported to have told Canada's Northern Miner that over $2m. (£0.89m.) has been spent on the prospect in a "thorough and honest effort *to evaluate its mine making* chances."

As reported here in March, the preliminary production phase was

URANIUM SEARCH CALLED FOR

The latest clarion call for a crash programme to look for new uranium deposits comes from the president of America's Atlas Corporation. *Otherwise there may* be shortages which could "curb the orderly development of atomic-fuelled energy plants." The *uranium is in the ground he went* on but "we must make intensive efforts to find it."

Most of the close to the surface *ores have already been discovered* and worked during the past 25 years. Now, with uranium bringing about $21 a pound, up from $6 a pound before the energy shortage became a reality, "rock turns into ore" if the price is right. A level of some $50 is being predicted for the middle 80s. Even so, Government help is reckoned to be needed if the shortage is to be avoided.

Auditors qualify Alpine accounts

The auditors of **Alpine Holdings** have qualified the group's accounts in respect of Everest Refrigeration Company.

They state that for a period following the cessation of its main business in August 1974, Everest, a subsidiary, did not maintain proper books and records and "we did not obtain all the information and explanation relative to this subsidiary which we considered necessary."

Also certain statutory information in respect of this subsidiary relating to the consolidated profit and loss account has not been shown.

The accounts show that a trading loss of £298,000 has been charged in respect of the discontinued freezer-food activities, in *arriving at the group's 1974-75* trading profit of £313,533.

A note to the accounts states that the total loss applicable to Everest amounted to £1,059,709, before tax: it includes the full and final loss on the discontinued deep freezer and frozen food business. The amount attributed to trading losses have been estimated by reference to management accounts.

The auditors are unable to form an opinion as to whether the loss and its allocation between trading losses and extraordinary items fairly reflect the losses of Everest *for the period.*

The annual report also reveals that £27,000 has been paid to a former director as compensation *for loss of office.*

S & P Property report

Save and Prosper's property fund is optimistic about the prospects for high quality commercial property in its 1975 annual report, though it does not think *that further rent increases will* produce the degree of growth seen in 1971-72.

During the year to mid-May, the fund *suffered from a higher* rate of redemptions than had previously been the case and in order to maintain liquidity, £2.2m. of property was sold—in most cases at or above the valuation, but "inevitably losses had to be taken on original purchase prices.

At May 15 the fund was valued at £21.8m. compared with £31.5m. a year previously. Within the portfolio, offices represented 41.3 per cent. of the total—sales were concentrated on shop properties. But the fund does not have any office investments in the City or West End.

Polly Peck £117,460 loss —no final

A pre-tax loss of £117,460 is *announced by Polly Peck (Holdings)* for the year to March 19, 1975, compared with a profit of £323,943 in the previous 12 *months. In the first half there* was a loss of £55,347, against £284,583 profit.

The year-end result includes a *27.28 per cent. increase in the* fashion division and a property division loss of £339,921 (£149,092 profit) after a first half £171,524 *loss (£203,981 profit).*

Loss per 10p share is shown to be 2.33p, against earnings of 3.03p. There is no final dividend, leaving *the 0.175p net interim to compare* with the previous year's 1.0113p.

The group loss is due to "an excess of interest over net revenue," the directors state.

	1974-75 £	1973-74 £
Pre-tax loss	117,460	323,943†
Property loss	339,921	149,092†
Fashion profit	222,461	174,851
Tax	4,039	165,947
Net loss	121,499	†157,996
Extraordinary credits	2,521	94,312
Tax adjustment	36,712	—
Expenses written off	214	—
Interim dividend	9,118	18,933
Final	—	31,449
Carried forward	376,338	474,902

† Profit.

LONDON TRUST $5M. LOAN

London Trust Company states that a U.S.$5m. loan has been arranged at variable rates of interest, and that to date only $2m. of this facility has been exercised.

WALL STREET + OVERSEAS MARKETS + FOREIGN EXCHANGES

Market lower for fifth day running

BY OUR WALL STREET CORRESPONDENT

NEW YORK, July 22.

BEARISH earnings statements from some large U.S. corporations and disappointing news on inflation exerted a downward pressure on the Stock Market for the fifth consecutive session to-day, although prices did recover slightly in late trading.

New York City's financial dilemma appeared to be another overhanging concern, although it was difficult to measure its impact on stocks.

The latest inflation scare arose after the U.S. Labor Department reported that the Consumer Price Index took its biggest monthly jump in six month during June rising 0.8 per cent. after a 0.4 per cent. rise in May.

Stocks recouped some of their sharp earlier losses but still were in retreat for the fifth consecutive session. The Dow Jones Industrial Average declined 7.98 to 846.76, while the NYSE Common Stock index lost 0.56 to 49.12. Declines led advances 1,150 to 307. Turnover swelled to 20.66m. shares from 16.69m. shares on Monday.

In the news background, Egypt's President Anwar Sadat said he had not yet reached a decision on an appeal from the United Nations Security Council to permit the UN peace-keeping forces to remain in the Sinai peninsula.

Mr. Ronald Nessen, White House Press Secretary, said the 0.8 per cent. rise in the Consumer Price Index was "more than we expected," while Mr. William Simon, U.S. Treasury Secretary, said the uptrend in the CPI during June "shows inflationary pressures remain a serious and continuing problem."

Xerox Corp. among the volume leaders, slumped $1½ to $63¾ after Monday's close. The company said it was withdrawing from the mainframe computer business—dominated by IBM—within a year because it has been unable to make a profit. Xerox also reported sharply lower quarterly earnings, and predicted a modest decline in profits for the year.

Burlington Northern, widest mover on the most active list, dropped $4½ to $31½ after saying it would omit the regular quarterly dividend.

Exxon Corp. fell $1½ to $87½. The world's largest oil company reported more than a 34 per cent. decline in second quarter profits.

Anaconda surrendered a point to $17 after reporting a loss for the first half against the 1974 profit.

St. Joe Minerals gave up $1½ to $32. It reported reduced earnings, and predicted further difficulty in the third quarter.

Prices on the American Stock Exchange declined sharply in moderate trading. The Amex Index fell 1.39 to 93.95, while turnover amounted to 2.49m. shares against 2.59m. on Monday.

OTHER MARKETS

Canada lower

Canadian stocks picked up near the close but still finished lower in moderate trading. The Toronto Stock Exchange Industrial Index fell 2.06 to 193.20 and declines led advances more than two to one. Western Oils lost 2.80 at 195.56; and Base Metals shed 1.14 to end at 81.38. Only the Golds Index rose.

Canadian Imperial Bank was the most active issue, slumping $½ to $26½ on 29,845 shares.

In Montreal the Industrial Index was off 2.51 at 201.74; Papers, Utilities and Banks also lost ground.

PARIS. Stocks were mixed with a marginally firmer bias. Pessimistic forecasts for European economies from the OECD were counter-balanced by the drop in French call money rates to the lowest levels since 1972.

Paribas fell in Banks following the announcement of possible losses due to fraud, despite buoyant profits for the first half of 1975. Foods gained but Hotels lost ground. Perrier lost Frs.3.6 and St. Gobain Frs.2.1. Gen. Occidentale was down by Frs.2.2.

BRUSSELS—Falls were clearly in the majority, with some end-account selling and a lack of inspiration from Wall Street the main factors.

Electrobel rose Frs.50, while GB-Inno-BM, Cobepa and FN advanced. Falls included Cockerill, off Frs.46, Clabecq, Solvay, down Frs.20, Wagons Lits, Frs.18 lower, and Union Miniere, off Frs.38. All three Petrofina issues were lower.

AMSTERDAM. The market reversed Monday's rise partly due to the dollar's decline, although trading continued to be very quiet.

Hoogovens was the sole rise in Dutch Internationals which were led down by Royal Dutch down Fl.1.8 and AKZO off Fl.1.4.

Ahold, Ommeren, Hal, Gist, IHC, Amev and Amfas led the decline in local issues. Giessen and Bijenkorf were the major isolated firm spots.

FRANKFURT. Shares fell due to position-squaring, relative lack of orders, and increased offerings on the bond market.

Engineerings led the market decline, Banks and Motors generally fell, with Deutsche Bank dropping DM4.20 and Daimler DM4. Leading Chemicals, Electricals and Steels fell while Stores lost ground. Karstadt fell sharply at the end of its Rights issue offer. BMW declined by DM3.5, Linde by DM4.8 and Siemens fell by DM4.1.

OSLO—Banks were steady, Shipping and Insurances quiet and Industrials firm.

COPENHAGEN—The market was narrowly mixed in moderate dealings. Banks were about unchanged, Shippings slightly higher while Industrials declined.

VIENNA—The market steadied around the previous day's levels. Banks and Insurances were about unchanged and Industrial leaders narrowly mixed.

ZURICH—The market closed slightly irregular in quiet trading. Leading Banks improved slightly. Among irregular Financials some higher spots included Bally, Usego, Suedelektra and Oerlikon-Buehrle, while Interfood "B" and Presse Finanz eased. Insurances remained steady and only minor changes were seen in the Industrial sector.

MILAN. The market closed slightly higher. Fiat, Montedison, Generale Immobiliare, Snia Viscosa, Assicurazioni Generali and both Olivettis ended higher while Anic and Magneti Marelli lost ground. RAS put on L.1,400 but Erba declined L.115. La Centrale gained L.355 but Mondadori lost L.50.

HONG KONG—The market tended slightly lower in very quiet trading. Sentiment was dominated by caution ahead of the HK Bank's interim result. This share closed unchanged at $HK 16.50.

TOKYO—The market recovered moderately from an easy opening as Blue Chips met cheap buying. The SE index closed unchanged at 317.86.

JOHANNESBURG.—Gold shares were virtually unchanged in early dealings. Financial Minings were neglected, platinum and copper shares were bid marginally lower. Other metals and minerals were disregarded. The industrial market was basically steady in thin dealings.

AUSTRALIA—Markets closed irregularly lower in dull conditions.

Pancontinental was subject to profit-taking and fell 40 cents to $A5.10. Weeks rose five cents to 80 cents while Gt. Boulder, Metals Ex, WMC, BH South, and Bougainville made slight gains. On the Industrial boards, both ICI and Pacific Film failed to react to their profit results, both holding steady.

BHP edged up slightly to $A7.14 while CSR rose to $A4.00 after an early fall. Bank of NSW dropped 12 cents to the $A6 level for the first time since the middle of May.

Indices

MELBOURNE YIELDS

Av'ge yield on 50 Leading Stocks	July 22	July 17	July 10
On Dividends	7.38	7.38	7.20
On Earnings	14.08	14.08	13.80

Pound improves

Sterling improved in terms of the U.S. dollar and major currencies in general in the foreign exchange market yesterday. This follows the report of the Organisation for Economic Co-operation and Development in which it forecast that U.K. inflation could fall to an annual rate of 10 per cent. in the first half of next year, if anti-inflation measures are implemented. The pound may also have been helped by indications from the U.K. authorities that U.K. interest rates will have to rise in line with those abroad and that Minimum Lending Rate may be increased this week.

The dollar began strongly, as Eurodollar rates increased in reaction to firmer U.S. Treasury bill yields. By mid-day however the U.S. unit had eased, but there was a further demand for dollars later in the day.

Sterling opened at $2.1740-2.1750 in terms of the dollar and during the morning fell to $2.1725-2.1735. After lunch the pound rose to $2.1875-2.1885, but eased at the close to $2.1780-2.1790, for a gain of 30 points on the day.

Sterling's trade-weighted average depreciation against 10 major currencies since the Washington Currency Agreement (as calculated by the Bank of England) narrowed to 26.3 per cent., from 26.5 per cent. on Monday evening, having stood at 26.3 per cent. at noon and at 26.4 per cent. in early dealings. The dollar's trade-weighted average depreciation against 14 units since the Washington Agreement, as calculated by Morgan Guaranty of New York, on noon rates, widened to 3.87 per cent. from the previous 3.78 per cent. The pound's depreciation on the same basis narrowed to 31.79 per cent. from 31.90 per cent.

Gold gained 80 cents on balance yesterday to $164.80-165.80, in moderate activity. The krugerrand for domestic delivery closed at $173-175 (£79½-80½), compared with $172½-174½ (£79¼-80¼).

EXCHANGE CROSS-RATES

July 22	Frankfurt	New York	Paris	Brussels	London	A'sterdam	Zurich
Frankf't	—	2.5025-40	58.40-47	6.71-73	5.46-475	96.88-97.0	[illegible]
N. York	39.68-70	—	23.20-24	2.5425-475	2.1792-1802	38.60-52	37.69-72
Paris	171.00-1.40	4.2785-2863	—	11.506-531	9.3535-775	165.71-6.11	181.96-2.35
Brussels	14.85-91	37.20-25	8.68-72	—	81.30-49	14.41-47	14.06-91
London	5.45½-46½	2.1780-90	9.33-34	81.05-1.25	—	5.68¾-63¼	5.76¾-77¼
Am'erdam	103.15-.185	2.5775-5795	60.225-275	[illegible]	5.6355-415	—	97.62-67
Zurich	105.46-60	[illegible]	61.55-75	7.10¼-11¼	5.7668-771	102.33-41	—

EURO-CURRENCY INTEREST RATES*

Euro-French deposit rate ... per cent.; one-month 11½-12 per cent.; three months 12-12½ per cent.; six months 11½-12 per cent.; one year 11½-12½ per cent.

Longer-term Eurodollar deposits: two years 8¾-9¼ per cent.; three years 9-9¼ per cent.; four years 9¼-9½ per cent.; five years 9¼-9½ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one month 6[9/16]-6¾ per cent.; three months 7-6¾ per cent.; six months 7½-7¾ per cent.; one year 8¼-8[1/16] per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars and two-days' notice for guilders and Swiss francs.

OVERSEAS SHARE INFORMATION

NEW YORK

CANADA

GERMANY

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PARIS

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OSLO

SPAIN

SWITZERLAND

COPENHAGEN

GOLD MARKET

FOREIGN EXCHANGES

OTHER MARKETS

FORWARD RATES

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FINANCIAL TIMES SURVEY
Wednesday July 23 1975

The South West

Agriculture and tourism have traditionally provided the backbone of the economy of the South West. But the region has been provided opportunities for expansion by the building of new motorways, and as a result of the improved communications new industry and offices have moved in.

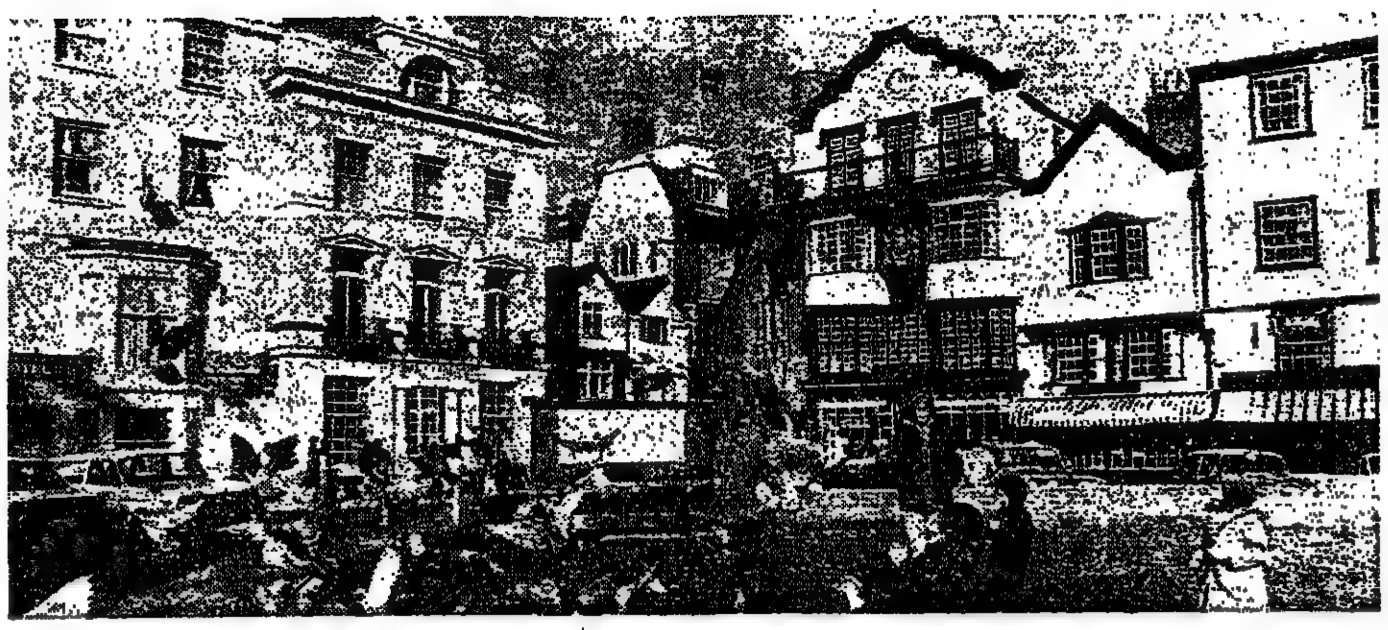
An area of many diverse parts

REGIONALLY SPEAKING, the South West of England is not really a region at all. Unlike the South East or the West Midlands, for example, it does not hang together geographically as well as economically round a single dominant metropolitan centre, such as Greater London or Birmingham. In urban terms, the South West is decidedly off centre, with Bristol and the Severnside area, where a quarter of the population of the region live and where most of the regional headquarters of Government are situated, in the far north east of the region.

In fact, if the boundaries of our economic planning regions had not had to be drawn with regard to a Welsh nation, it could even have made sense to link in a single, compact region the northern growth points of the South West, including Swindon as well as Bristol and its satellites in the new county of Avon, with their urban neighbours such as Cardiff and Newport across the Bristol Channel in South Wales. The rest of the South West could then have formed a rather more homogeneous region, based perhaps on Exeter.

Commercial links across the Channel are already strong and are likely to become more so. This is only logical, especially in the light of plans for a Severn barrage, which would create a powerful new economic impetus for both sides of one of our most important estuaries.

In reality, the South West is a collection of smaller regions: the far north consisting of Avon, Gloucestershire and northern Wiltshire, including Swindon; the assisted areas of the far west, Cornwall and north and west Devon, including Plymouth. And central, primarily rural and agricultural belt of Dorset, South Devon, southern Wiltshire and much of Somerset which provides ideal country for dairy and livestock farming and whose predominantly small farms supply much of our meat and milk products.



The Cathedral Close, Exeter.

Guidelines

With the one major exception of environmental issues there are "few problems which are common to the whole region or the larger parts of it," to quote from the South West Economic Planning Council's recently published Strategic Settlement Pattern for the South West. This is an explicitly sub-regional, rather than regional, set of guidelines for the expected future growth of the South West on which the Government is expected to pronounce in the very near future, following the completion of a lengthy consultation procedure.

Environmental problems are of particular concern to a region whose population is growing as rapidly as that of the South West. Population has risen from 3,257,000 to 3,850,000 over the period 1954-1971 and could reach 5,000,000 or more by the end of the century. More than half of the region is covered by statutory amenity restraints on planning, such as national parks, green belts, areas of outstanding natural beauty and areas of great landscape value: all of these have to be taken into account in approved development plans.

Again, 270 miles of the South West's coastline is of sufficient quality to merit classification as "heritage coast" by the Countryside Commission, well over a third of the total for the whole of England and Wales. Finally, the region is blessed with more than 32,000 individual buildings listed as being of historic or architectural merit, about one-fifth of the tally for England as a whole.

Preservation of amenity, whether built or landscaped, is therefore a prime consideration for the South-West's planners in coping with future growth, and the strategy being devised to cope with it involves encouraging growth in those areas where population is already rising rapidly and there is future capacity — such as Swindon, Bournemouth and Poole, Plymouth, and the Taunton-Bridgwater district. But the task will not be an easy one.

One of the interesting points about the South-West is that the majority of the net inward migration which accounts for its population growth is voluntary. It is a response to the attractions of the region for office relocation, distribution or retirement. There are, for example, no Government-designated new towns within the region as yet (though Devon County Council and Exeter City both have proposals for at least a major expansion, and possibly a fully-fledged new town). Of the three GLC-backed town expansions under way, Swindon, in the far East, is dominant with 8,500 of its agreed 9,000-plus new homes already built, but the other two, Bodmin and Plymouth, together account for only some 500 of their projected 3,500 new homes for migrating Londoners. Again, the Government grants for industry (and, now, office-employers) moving into assisted areas apply only to the far West of the region.

At the same time the South-West is free from Government restrictions in the form of office development permits which are imposed on the neighbouring South-East — a fact which has been of benefit to Bournemouth since its transfer, under last year's local government reorganisation, from Hampshire to Dorset, where it now constitutes an important growth area with its neighbour, Poole.

Economically, the region has derived considerable advantages from the M4 and M5 motorways which have made the northern areas of the South West—and in particular the new county of Avon—a favoured part of the country for decentralised offices and for warehousing. In turn, the westward extension of the M5 will carry these benefits further into the heart of the region.

Other ingredients of the continuing population pressure on the region are currently being studied by the South West Economic Planning Council, including the subjects of tourism, retirement and second homes. The last two, forecasts the Council's director, Graham Patrick, will turn out to be less significant than has generally been believed in the past.

Two additional challenges face the South West over and above such present preoccupations as these. The first is the possible impact of off-shore oil and gas activities in the Celtic Sea off its coasts; the second is the recently revived interest in the prospect of a Severn barrage.

Oil and gas (which have yet to be found in commercially exploitable quantities) have been the subject of intense study by the Planning Council and by the local authorities of those areas likely to be affected, a joint working party of which produced a report in May. At present, some 13 per cent. of the U.K's licensed sea areas are in the Celtic Sea, off the South West and Wales, but with attention being concentrated for the moment on the North Sea, the progress of exploration is slow. At the same time the current thinking in the South West region is that, with so much of the investment in Britain's oil industry being concentrated in Scotland, the environmental impact on the South West can be strictly controlled and limited, probably, to one or more of the three most suitable existing ports of Falmouth, Fowey and Plymouth. No more than 2,000 extra jobs, it is estimated, will be produced in the process, though the growth of an oil industry based in Cornwall or West Devon would give a much needed economic boost to the under-diversified west of the region.

At the opposite end of the South West, the possibility of a Severn barrage scheme is again being discussed after forty years of rejected plans and proposals, the incentive this time being the energy crisis. For a local civil engineer, Dr. Tom Shaw, of Bristol University, believes that the harnessing of the unusually high tides in the Severn Estuary could generate up to 10 per cent. of Britain's total electricity generation needs.

Pressure

Pressure on the Government to carry out a comprehensive study of the Estuary's development potential is being maintained by a consortium of Chambers of Commerce on both sides, Bristol in England and Cardiff and Newport in Wales — an interesting example of commercial vision running counter to the trend of nationalism. Apart from the power generating potential of a barrage (Dr. Shaw's is only one of several current schemes; another is by consulting engineers E. N. Underwood and Partners of Bristol and Sir Frederick Snow and Partners of London) the Chambers see strong possibilities for substantial traffic growth in the Severn ports and for port-related industry, benefiting from the improved water conditions and levels that could be produced behind a barrage.

David Crawford

Industrial expansion

TRAVEL THE South West region from Gloucestershire to the tip of Cornwall and apart from covering a great distance and realising the remoteness of one from the other, you will go from one extreme of the industrial spectrum to the other. The high technology aerospace-oriented industry of the north-east part of the region contrasts sharply with the tourism and tin mining of the south-west corner. Even within one county, Somerset, the technology of helicopter design and manufacture lives cheek by jowl with 500 acres of willows growing for the basket-making industry.

Bristol, with the prosperity that comes from Concorde, tobacco and a thriving port, is a far cry from the areas of Devon and Cornwall where unemployment figures run consistently in double figures and where Assisted Area designation under the Industry Act has been necessary in an attempt to offset serious unemployment problems.

Sit in the office of Robert McVickers, the Department of Industry Regional Director, in Bristol and though the Cornish problem may seem remote the conversation will frequently slip back to talk of places like Ilfracombe, St. Ives and Penzance. Yet amid the smart new office blocks of the west's premier city Cornwall seems like that other country that some of its more nationalist inhabitants would like it to be.

Even in Bristol, the shadow of uncertainty has passed across Concorde, the British Aircraft Corporation and Rolls-Royce many times in recent years, so the picture has not always been rosy. But even if something disastrous was to happen to aerospace, this part of the region has diversified and built on its prosperous history to such an extent that the disaster would be immediate rather than long term.

Nowadays, with commercial route proving flights underway, they tend not to talk about Concorde cancellation in Bristol any more. The questions are about what might come next.

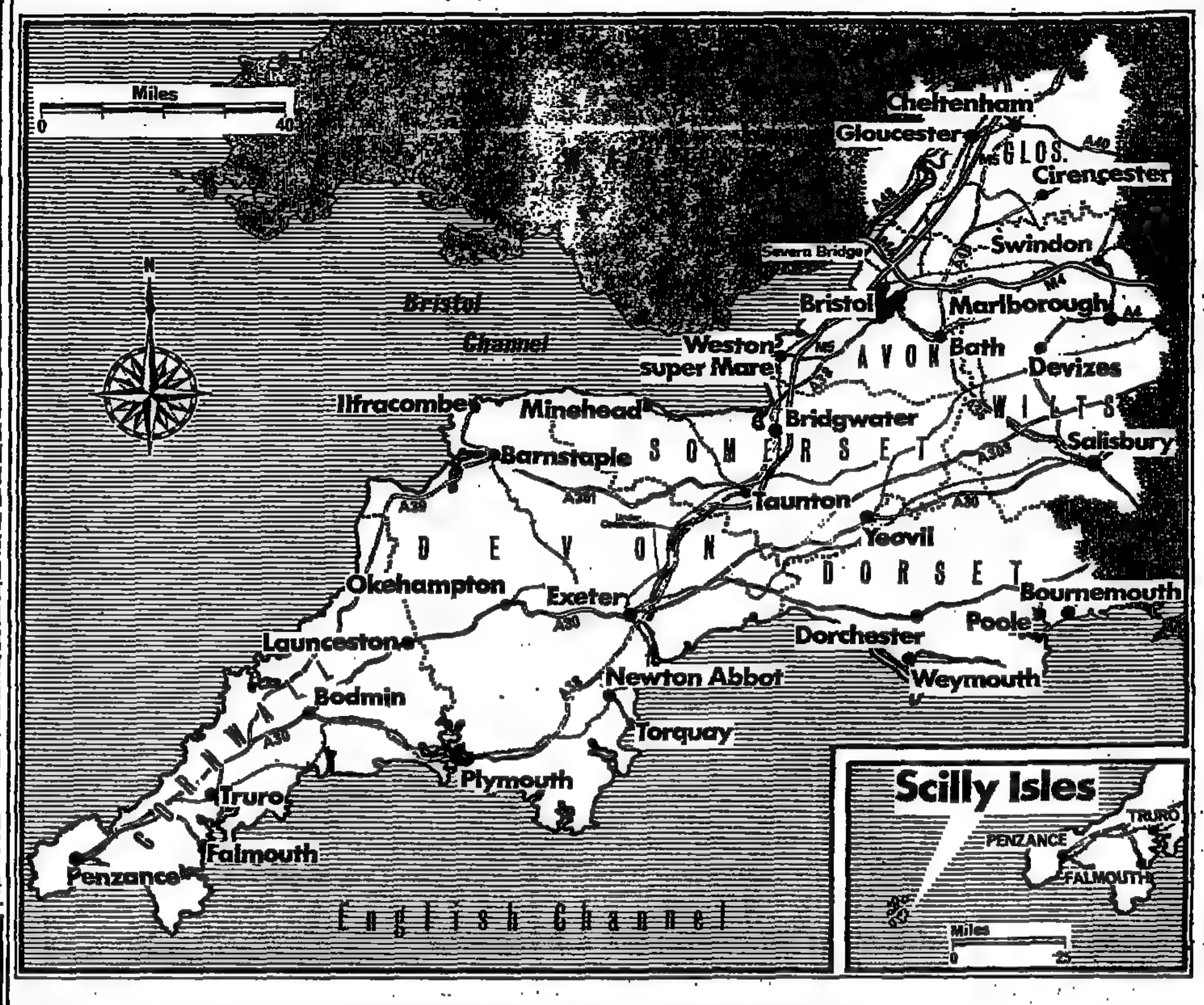
BAC and Rolls-Royce are now heavily engaged on the airframes and engines for the first 16 production Concordes that have been authorised by the British and French Governments, but for both companies Concorde work still only represents part of their activities. BAC has a major guided weapons and space satellites facility at Filton, and Rolls-Royce, apart from the Concorde's Olympus engine, is working on the MRCA and Harrier engine at the Patchway plant.

The aerospace theme, and indeed the Anglo-French theme, is continued by Westland Helicopters at Yeovil and Weston-super-Mare. At the main manufacturing facility at Yeovil, Westland are making the big Sea King helicopter as well as the Anglo-French Gazelle, and production of the new Lynx is just starting, while at Weston-super-Mare spare parts for new and old helicopters are the main activity.

Westland Aircraft has other aerospace-oriented companies operating at Yeovil, and when companies like Flight Refuelling at Wimborne in Dorset, and the Dowty Group in Gloucestershire are added, the aerospace contribution to the region's economy becomes of major significance.

As the principal industrial centre of the south west Bristol is also strong in the food, tobacco and packaging industries, while the expanding port is a prime factor in greater prosperity. Looking outside Bristol, there are surprisingly few major industrial centres in the south west. Swindon in Wiltshire has marked its place very firmly on the map as a result of successful efforts to expand, and although the rate of expansion has slowed down now, the special arrangements with the GLC and the preferential IDC treatment have combined to draw companies to the industrial estates. Famous for its complex of rail workshops, the town still boasts some railway work, though firms like British Leyland and Plessey (also in the south west at Poole) have become more important to the town now.

Other important centres include Bath and Gloucester while there are also industrial concentrations at Bridgewater, Christchurch and Hurn. Apart from aerospace, an industry that repeats itself throughout the region is shoemaking, with C. and J. Clark at Street in Somerset and G. B. Britten at Bristol.



Commodities

For Somerset, Devon and Cornwall, the extractive industries are particularly important, the commodities extracted ranging from peat and stone in Somerset to clay and tin in Devon and Cornwall. Somerset's importance as an industrial county comes as something of a surprise to the uninitiated. Apart from the fact that the numbers employed in manufacturing in the county are higher than the national average the area has what the County Council's Chief Executive, John Whittaker, describes as "a nicely balanced employment picture" through agriculture and related industries, the cider apples that still grow, and the best quality peat deposits in the country, apart from helicopters and shoes.

As demand for aggregates grows generally, and as the deposits in the south-east dwindle, so Somerset can expect quarrying growth. The extracting theme continues down the region through the work of the English China Clays Group and the various tin mining interests.

For Cornwall the tin mining recovery of recent years has been a great help to what at one time seemed an extremely bleak employment picture. There used to be no less than 50,000 people employed in mining tin and copper in this small corner of England, but the figure dropped dramatically to little more than 1,000 in recent times, the South Crofty and Geevor mines going through thick and thin. Since the rise in the world price of tin and the further development of techniques for extracting tin from ore the industry has grown again to the point where the output of the last two years has been greater than that of the previous 56 years. Cornwall's mines are now providing 20 per cent. of Britain's tin needs.

Developments

Principal developments recently have been the construction of two new separation plants, one at the Consolidated Goldfields Wheal Jane mine near Truro, and another, not yet ready, at Cornwall Tin and Mining's Mount Wellington facility. Some concern has been caused by recent drops in the tin price and by increasing production costs, but 1,500 people are now employed in the industry, which has a reputed 4:1 multiplier factor on employment, and the long-term future looks reasonable. There is no doubt that Devon and Cornwall depend heavily on tin mining just as they do on the clay extraction, which employs a further 7,000.

There is a view—expressed most frequently in Devon and Cornwall—that the south west is really two regions, the West Country centred on Bristol, and Devon and Cornwall centred on Plymouth. The city of Plymouth, with its population of over a quarter of a million, certainly does come as a surprise so far from any other town or city of any size, and although the dockyard, with its 16,000 employees, obviously accounts for much of the basic growth, the city has managed to diversify remarkably well over recent years. In order to achieve this expansion the city even looked to the U.S., and testimony to the success of this enterprise can be seen on an industrial estate where the majority of firms are American in origin. Since the war many new firms have been attracted from all over Britain, too, and Plymouth is the undoubted centre of this second "region."

Now thoroughly linked into the motorway net, even the extremities of this region do not seem so far away these days, and that may prove a key factor in opening up parts of the region for further industrial expansion.

Hugh Colver

Steady increase in tourist trade

THE SOUTH WEST is one of the most attractive parts of the British Isles, with great contrasts of landscape and seascape, a consistently pleasant environment, some of the most architecturally pleasing towns and cities in Britain and ample leisure opportunity for visitors and residents alike.

It is an environment the inhabitants are keen to preserve, and outside the established industrial areas there is some reservation about the idea of attracting industry in order to solve the sometimes crippling unemployment problems. Equally, there is a clear desire to exploit the tourism opportunities, but only in so far as that exploitation does not spoil the environment.

Throughout the region, tourism is a major industry, and in some parts, such as the established holiday centres of Devon and Cornwall, it is a prime factor in the economy, vying with agriculture for top money-earning honours.

The region covered by the West Country Tourist Board from its base in Exeter corresponds almost exactly to the area that is the subject of this survey, the exception being Gloucestershire, which comes under another board. In the WCTB area the tourist industry is said to be worth £300m. a year, with 122m. visitor nights spent in the area every year. This is the most popular tourist area for the British holidaymaker, being the location for 26 per cent. of British resident main holidays, and for 20 per cent. of additional holidays (defined as a stay of one to four nights). This means the West Country sees between 9m. and 10m. holiday visitors in a year, and a significant and growing proportion of these are from overseas.

There has been steady growth in the tourist trade over the last five years, though there is a flattening off at present because of the financial climate. When the package tour business was reputedly making life hard for Britain's traditional tourist spots, areas like Devon and Cornwall kept their share of the market well, and with package tours now more expensive and exchange rates unfavourable it might be expected that areas like the West Country should be seeing growth at this time.

According to the WCTB, however, while a percentage of those people nearer the top end of the tourist market are now holidaying in Britain instead of abroad, a percentage of those at the bottom end of the market are taking no holiday at all. This tends to even out the statistics.

Objections

One of the traditional objections of tourist authorities in this part of the world is the lack of recognition of their importance in relation to Britain's other tourist-attractive areas. The figures for British holidays taken in the West Country clearly show this to be more popular than Scotland and Wales put together. Yet Scotland and Wales benefit from separate finance while the West Country shares the English Tourist Board cake.

The implication of more money, however, would be the ability to attract more people and there are many in the West Country who do not see that as a wise objective. In this connection fears have been expressed about the likely effect of the great road improvements—notably the extension of the M5 to Exeter, and the improvement of the A38 from there to Plymouth to near motorway standard. Already 82 per cent. of the holidaymakers travel to the region in their own cars.

The Tourist Board takes the traditional view that people on holiday do not regard journey time to the ultimate destination as a big deciding factor so the motorway is seen as unlikely to attract many new holidaymakers to the most tourism established areas of Devon and Cornwall. However, short-term off-peak holidays may be encouraged and this, of course, would help to solve the "peak and trough" problem that is a feature of the industry. Cornwall County Council planners nevertheless point out, with some satisfaction one feels, that their county is too far for day trips from, say, the Midlands, with or without the motorway.

It is perhaps counties like Somerset that have this concern. This county is now that much closer to Britain's industrial heart, and on discovering the presence of part of the Exmoor National Park within its bounds, as well as a beautiful coastline and attractions like Cheddar Gorge, more people may be tempted by the motorway to go there. Somerset is already concerned about the number of sites required for caravans.

Despite concerns about over-use in some areas, there can be no doubt that tourism is economically important for much of the region, and in this connection it is sometimes forgotten that those parts of the country that are designated Assisted Areas under the terms of the Industry Act qualify for special Government grants and loans for tourist projects. The parts of Devon and Cornwall that are so designated in this corner of the country have taken advantage of this fact to help boost the industry. The Lanlivery holiday centre for the disabled was offered financial assistance, for instance, and the National Trust has taken advantage of the scheme on several occasions for specific developments.

The WCTB also seeks to widen the tourist economic base by marketing the area abroad. Partly again because of communications—notably the Plymouth-Brittany ferry — the French, Belgians and Dutch are

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Development Areas

DESIGNATION OF part of the U.K. as an Assisted Area under the terms of the Industry Act *is normally associated* with established industrial zones, such as those in the north, that *have seen a decline* in some of their basic industries, such as coalmining, and show high un*employment figures as a result.* It is therefore perhaps surprising to find areas in the largely rural counties of Devon and Cornwall carrying equivalent status under the Industry Act, and qualifying *for the same* Government financial concessions.

Most of Cornwall and most of North Devon are designated Development Areas while Plymouth and mid-Devon are designated Intermediate Areas. Although the statistics of the problems *may not be as impressive* as those for, say, the North East, these areas of the South West, with *pockets of extremely* high unemployment, difficulties about attracting new employers, and a lack of infrastructure, produce the same socio-economic problems as the more famous—or infamous—depressed areas of Britain.

Scattered

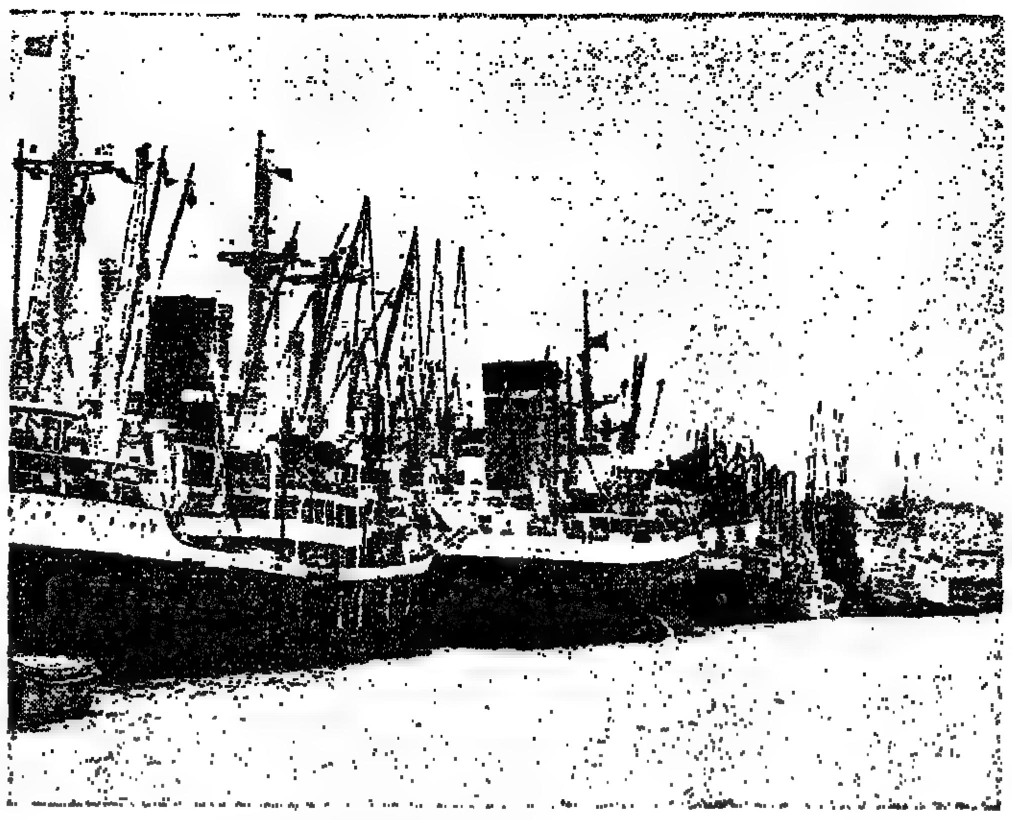
At the Department of Industry regional headquarters in Bristol, and at a Plymouth office that has particular responsibility *for the Assisted Areas*, there is a recognition *that they* are working on an entirely *different problem from that of* their colleagues in the other Assisted Areas. First, they are *dealing with a rural area. of* sparse population, with long lines of communication and *scattered small towns. For many* of the areas there is no industrial tradition, and the unem*ployment problems are aggra*vated by a decline in the numbers employed in agricul*ture—though not of the industry* itself—and a move to self-catering in holidays that has placed men and women *on the* job market. Add to this an expected net growth in population by inward *migration*—nobody *seems* to know quite why—and a strong conservation require*ment, and some of the difficul*ties start to reveal themselves.

A senior civil servant in the DoI *in Plymouth points out*, with the exception of Plymouth it is no good in any part of the Assisted Area trying to introduce a new industry that will employ thousands. In any one place, even though the unemployment percentage may be in double figures, there is just not the workforce available. "*If* you employ 100 people here you are a big firm," said the civil servant.

For all that, the problems of Devon and Cornwall can be identified as similar to those in *the bigger, more industrially* established Assisted Areas. The improvement of such services as *roads, drainage, and sewerage is* fundmaental to the expansion of industry and the associated *housing. Nothing, though, can* be done on a large scale, and gradual growth of both existing and newer industries is seen as the key to creating more job opportunities.

The concern to reflect the less industrially established nature of this part of the country is illustrated in Department of Industry advertising. Whereas the latest 1976-77 theme is set against an industrial background for other parts of the country, to "sell" Devon and Cornwall as an area of expansion, to industrial backcloth is replaced by a map of the area. This is the key. The area is not suffering from a decline in industrial structure. There is simply a lack of job opportunity *for* a growing population. Peter D'Abbs' reports on Aspects of Social and Economic Change in North Devon draws particular attention to the problem of school leavers looking *elsewhere for* jobs, and *it is* worrying that the percentage that do so has not changed much *over the years in response to* new employment opportunities.

The bulk of industrial employment in the area under consideration is concentrated in a few large concerns. Apart from the special case of the Plymouth dockyard, tin mining ranks high and the recovery has been a great boost. The importance of extractive industry continues with English China Clays, a long established company that is vital to the area, and the ship repairing activity *of Silley, Cox and Company* at Falmouth, still employs about 1,000 people even though the *business is not as big as it was.*



Bristol's Avonmouth Docks.

A decline in any of these would undoubtedly be a disaster for, with firms like CompAir Engineering, Alfred Herbert, Rank, and Wrigleys, these are the concerns which use the largest workforces.

For the new industry, population distribution is still dictating what can and cannot be done. Nevertheless, considering the problems, the record shows that firms brought into the area since 1966 now employ some 12,000 people. Some of these are working in factories built under the advance factory programme which enables industrial accommodation to be built in advance of the need for it, and five such factories are under construction in Plymouth now, another is being built at Hayle, and others are planned for Callington, Penryn, Cardrew and Newquay. Nineteen such factories have been built since 1961. Allowance is always made for growth, following the policy of gradual expansion of already attracted industry.

A good illustration of the successes and the difficulties is provided by Ilfracombe. Here is a small place with a male unemployment rate, on June figures, of over 11 per cent. For this small town that represents over 250 men out of work—not many, it may be said, in North East terms, but an acute problem for Ilfracombe.

Yet this town is the site of one of the success stories of the industrial attraction policies. In accordance with the continuing trend that brings most of the new industry from the south-east and other parts of the south west, an electronic components firm, Coutant Electronics, moved into Ilfracombe from Reading in 1966. For Devon and Cornwall this was the right kind of industry, not bothered greatly by the extended communications problems because of the small size of the product and the ease of transportation.

Ilfracombe had at that time *no real experience of modern* manufacturing, yet the company moved into a 5,000 square feet factory built and provided by the English Industrial Estates Corporation, and Coutant became a success story. The 5,000 square feet have now become 28,000 square feet and the company, now employing just under 250 people, is looking for further expansion possibilities—though ironically Ilfracombe has a land availability problem. Yet despite this success, male unemployment in the town accounts for more people than work for the town's largest employer — Coutant. And later this year the problems of Ilfracombe will become really serious again. Another company, Bonas Tapes, which produces the tape for zip fasteners, is closing down in September. The firm employs 150 people.

North Cornwall also has the particularly difficult problems illustrated by Ilfracombe in North Devon, yet there is a strong feeling among certain Cornwall County councillors that the area has had as much stimulated growth as it can take and there is some debate about growth in the *future*. Everyone seems to agree that the best answer is the further growth of established activities like tin mining and boatbuilding. But this will be dictated by market forces.

One activity that might well grow is fishing and fish processing. The Cornish fishermen are doing a good trade in mackerel with the French, and it is *thought that more blast freezing* and fish processing capacity could add impetus to this *industry.*

Benefits

Cornwall has largely welcomed the assisted area status and, as Devon, was looking to the possibility of benefits under the EEC Regional Development Fund. G. J. Barrington, county planning officer for Cornwall, points out that his county has been identified as eligible for money from this fund. However, it is central Government that would make the plea for the money, and Mr. Barrington says it has been officially stated that the Government will simply deduct any aid received from that already granted to the county under the terms of the Industry Act. This revelation is causing quite an upset in the assisted areas of the South West where is was understood RDF money would be supplementary. Mr. Barrington comments: "We take great exception to this."

This concern illustrates the point that though they do not desire great industrial growth, these areas of the South West *feel themselves in need of help.* The continued good fortune and expansion of the existing basic industries, together with the attraction of new small-scale industry to specific areas of special need, are the key points in assisted area policy in this region.

Hugh Colver

The Brunel shopping centre in Swindon.

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Tourism

being attracted to the South West in fair numbers. There are also efforts to persuade the American tourists to depart slightly from the traditional London, *Oxford, Stratford,* Edinburgh "milk run" and take in Stonehenge and Bath, as well as more ambitious West Country tours—perhaps on a return visit. Certainly, from the countryside of Gloucestershire, through Salisbury Plain to Bournemouth and then on into Somerset and Avon, there is much of great attraction, quite apart from the more obvious holiday centres.

More dispersal of the tourists is one of the declared aims of *the Tourist Board.* A clear trend towards more exploration and less concentration on over*crowded centres could* be observed before petrol prices soared, and this geographic *spread would ease the pressures* on some areas if the trend continued. The encouragement of *early and late holidays* would achieve a dispersal in time too, and together these two trends *would help to preserve the en*vironment for tourists and residents, while coping with more visitors at the same time.

Until comparatively recently the only environmental threat *in this part of the world* was born out of its very attraction and the dangers of over-use for leisure purposes. There has been more talk, recently, though, of quite another threat—the possibility of oil and gas exploration in the Celtic Sea with the implications *of* what that might mean in terms of environmental damage through *construction* and *support* operations on land.

In the light of the Scottish *experience* and *public* concern in the south west, the Devon and Cornwall County Councils formed a Working Party through the South West Economic Planning Board, with Government department representation, to look into the likely economic, social and environmental impact. This Working Party has now reported, and the findings tend to allay the fears of those who foresaw great environmental damage.

Impact

Naturally, the final impact of offshore work in this part of the country depends *heavily on* exactly what is discovered and exploited, but the report does say that the expected size *of* the industry does not imply a very noticeable environmental impact.

So this threat, on present knowledge at least, does not appear to be very great, and the South-West's biggest environmental problem still has more to do with the *future* pressures *of* excessive numbers enjoying the environment than with anything *else*.

Hugh Colver

Improved communications

THE COMMUNICATIONS picture in the South West is one of contrasts. The north and east of the region have been revitalised by the motorway programme which puts Bristol at a motorway crossroads of M4 east and west and M5 north and south, while parts of the southern area, and particularly the south western tip, remain relatively remote and poorly served.

Those involved in communications in the region are quick to point out the problems of great distance with which they have to deal. From the north of the region in Gloucestershire, for instance, it is almost as far to Land's End as it is to Scotland.

This is, however, not quite so apparent to the traveller these days as it used to be, for the M5 is now stretching its arm down to Exeter, and with near-motorway standard dual carriageway all the way from there to Plymouth, and improvement of the roads beyond, it is suddenly becoming easier to reach into the heart of Cornwall without wasting too many frustrating hours.

Between Exeter and Bristol there are now only a few gaps in the M5 and all are scheduled to be plugged by the end of 1976, bringing this part of the world closer to the industrial Midlands and north as well as to London via the M4. The M4 itself has greatly aided the development of towns like Swindon, and the prospect of the M27 linking the south east of the region with the rest of the south coast helps to fill something of a motorway gap. Off the motorways, the A38 Devon and Cornwall sections are being improved as are parts of the A30, which although it does not serve so many centres of population has been the favoured tourist access road. Other schemes announced include the improvement of parts of the A303 to make it a high-class trunk road, and such plans as the Dorchester by-pass, the upgrading of the north Devon link to Barnstaple from the M5, and a number of other links that derive their importance from the motorways.

The Clifton suspension bridge over the Avon Gorge.

The impact of the new road improvements is likely to be felt most in Devon and Cornwall, and to some extent Somerset, and it is interesting that partly because of the great public interest, not to say concern, both the County Councils of Devon and Cornwall felt it necessary to publish booklets telling their ratepayers of the various factors involved. Cornwall's booklet speaks of "opportunities and the problems" while Devon's speaks of the "challenge" of the motorway. Basically, the booklets reflect the difficulties facing areas that undoubtedly need to encourage further employment opportunities, and the holiday traffic yet wish to preserve their environment.

Significantly, improvement in communications in this region is not confined to roads, however. British Rail chose the London-Swindon-Bristol route as the test for the prototype High Speed Train, and next year the prototype trains will be coming into regular revenue-earning service on the line. This will coincidentally allow more modern rolling stock to be released for areas like Devon and Cornwall. Extractive industries centred on parts of this region have also led to heavy investment by quarry operators and the like in such equipment as liner trains to serve their industry and aid British Rail Freight in its aim of bulk traffic growth.

In terms of air links, the remoteness of parts of Cornwall led British Midland Airways to add one of the most useful services to the region's communications links. Operating out of the RAF station at St. Mawgan, but calling it Newquay Airport for the purpose, British Midland have now been running a service to London for nearly two years. There are two return flights to Heathrow on Tuesdays, Wednesdays and Thursdays, and one on Mondays and Fridays, and the day in London has become possible.

Apart from that air link, British Island Airways operate from Exeter to the Channel Islands, Paris and Glasgow, and there are also links from there to Morlaix in France and the Scillies: Dan-Air, British Caledonian and British Island Airways operate charter flights and links to Manchester, Leeds and the Channel Islands from Hurn near Bournemouth; Bristol Airport has regular domestic flights as well as links to Paris and the Channel Islands; and Plymouth Airport serves Morlaix, Newquay and the Scillies. The CAA study of regional airport needs is likely air services in this part of the world are quite good when compared with some other parts of the country.

On sea links, the twice daily service operated by Brittany Ferries between Plymouth and Roscoff has proved a great success, offering facilities for 46 trailers, 80 cars and some 250 passengers on each trip. A lively trade between France and that part of the South West has been produced, and Brittany Ferries are next month adding a three-sailings-a-week service from Plymouth to St. Malo, which is so far scheduled to continue until October. The Channel Islands and Cherbourg continue to be served from Weymouth.

Although famed for the dockyards of Devonport, the ship repairing of Falmouth, as well as its fishing and boat building activities, this region, for its size, is not a great sea trading area despite the length of its coastline. The notable exception to this, of course, is Bristol, which is a long established and prosperous trading port now adding significantly to its facilities.

Although trade patterns have changed considerably over the centuries of port activity in Bristol, the present pattern has been established for all of this century. Through its main dock facilities at Avonmouth, Bristol has become a major importing port dealing principally in bulk cargoes. Imports now account for 5.5m. tonnes a year, while exports account for a mere 500,000 tonnes. It should be said, too, that only half the "imports" have a foreign source and a very small proportion of the "exports" go abroad. Most of the traffic is coastal. Foreign imports are mostly foodstuffs and basic raw materials and a small percentage of manufactured goods and fuels. The coastwise imports are almost entirely petroleum, with some sand and gravel, too.

Over the last three years the Port of Bristol Authority has seen a decline in its overall traffic of about 500,000 tonnes a year, but shortfalls in grain, animal feedstuffs and petroleum products account for this as part of the expected trend. General cargo and break bulk figures have been quite healthy during the same period.

The PBA's main investment for the future is the new West Dock, a major port development which is scheduled to open to traffic in June of next year and which is likely to have cost £23m. by that time.

This development will greatly increase Bristol's potential and has the advantage of its own direct link on to the M5 just minutes away. The water area of the new dock will cover 70 acres and its trapezoidal shape will give three quays, each 2,000 feet in length, and each divided into two 1,000-feet berths. Entrance will be through the largest lock in Britain, accommodating ships of 70,000 tons deadweight. This is over twice the capacity of any existing Avonmouth dock.

The attraction of new business to the dock in the present climate has not been easy but the Port Authority has felt sufficiently confident to start work on the development of two berths as common user berths with forest products in mind as a first trading source. There is considerable room for expansion around the new dock facility, with space for roll-on/roll-off traffic if required, and considerable hinterland acreage not only for large port handling facilities, but for port-related industry, too.

With the opening of this dock next year coinciding with the completion of the M5 to Exeter and the High Speed Train on inter-city services to Bristol, there can be no doubt that the revitalisation of this region is a continuing trend.

Hugh Colver

Restrictions on office growth

IN WHAT HAS become a very uncertain world for property, the office market in the South-West has been holding up well over the past 12 months; so much so, in fact, that a number of its major centres — and in particular, Bristol — have been forced to experiment with restrictions on future planning consents in a bid to maintain a balance between supply and demand.

After the South-East, the South-West region has the highest proportion of office and service employment in the country—59 per cent. as against 66 per cent.—and the reasons for its pre-eminence outside London are not difficult to find. First, it contains the nearest major provincial centre to London — Bristol — for which office development permits have never been required. Second, the building of the M4 and M5 motorways (and the current extension of the M5 to Exeter), together with notable improvements in inter-city train services, have greatly increased its accessibility from London and the Midlands. Finally, the environmental attractions of the region make it a pleasant place to work in or entice staff to.

Because of its size and its being on the doorstep of the South-West's new motorway junction, Bristol is beating the regional success story in terms of office growth. From less than 2,500,000 square feet of office space in 1939, the central area of Bristol has streaked ahead in recent years (and particularly since 1956) to the point where it contains over 8m. square feet. A further 500,000 square feet is in the pipeline, and there are valid planning consents for sites which, if developed, would yield at least another 2m. square feet in total.

With the days of the speculative boom being well over, it is unlikely that much of this further 2m. square feet will be built unless firm occupiers come in sight, although the development restrictions being applied by both Bristol and Avon County could help the situation along. In 1974, Bristol's Planning Committee decided to defer for two years consideration of any central area office schemes, unless they provided a significant additional benefit, such as in terms of conservation.

Anxious

The City is anxious to find new uses for as many as possible of the historic warehouses and other industrial sites in its City Docks area, the redevelopment of which has recently been studied by Sir Hugh Casson as consultant architect. One of the finest of these, the Bush Warehouse, is nearing the end of its conversion for offices over a new home for Bristol's Arnolfini Gallery.

After some initial, post-reorganisation skirmishing, Avon County Planners are now backing the idea of a moratorium except in special cases such as these, with the result that demand for offices is likely to be kept high over the next couple of years. Rents for prime office accommodation in the City Centre have already reached £3.50 per square foot and Richard Lalonde, of local agents Lalonde Brothers and Parham, sees them coming close to the £4.00 mark by the end of 1975.

Swindon (which has, since reorganisation, merged its identity into the new Wiltshire district of Thamesdown) is another South Western centre which is reacting with a policy of restriction to surging demand for offices in its now transformed town centre, in which the council itself has developed its new Brunel Centre. This will soon be linked directly with the M4 by the completion of part of the town's urban roads plan. With one side of the station already developed work is to start next year on an eight-acre site for the Science Research Council and the Natural Environment Research Council. Something like 400,000 square feet of offices are due to come on stream in the near future.

"We are," says Thamesdown's Director of Development, Geoffrey Blythe, "determined to keep the office growth we want to diversify us away from our railway town image in step with our capacity to supply people for the jobs created." Housing for the additional 40,000 people Swindon expects by 1986 is being provided in the town's new westward expansion area and through an imaginative drive to stimulate new ways of housebuilding (such as through self-build co-operatives) which are to be aired this autumn at an open seminar with the aid of the Architectural Association.

Down in the region's south eastern corner, Bournemouth and Poole form another natural office growth centre (especially the former, now freed from office development permit restrictions as a result of reorganisation). Among recent arrivals in Poole are the Bolton shipping and insurance group, the Royal National Lifeboat Institution and Barclay's Bank International. Rents are already at more or less the same level as in Bristol, although the town now faces competition from Bournemouth (its boundary with which was once marked by an abrupt starting line composed of new blocks).

Bournemouth has fixed on two major areas for new development, in addition to its existing 1,300,000 square feet in the town centre: the Landsdowne district, to the south of Bournemouth Station which is so far only about a fifth developed; and a campus site on the north western edge of the town, on the road towards Hurn Airport.

Further west, Exeter has been showing rapid office growth in recent years, to the point where less than 20,000 square feet of prime modern space is currently available, following the successful lettings of Copthall Holdings' Northernhay development and a scheme by Sun Alliance in Southernhay, although sites worth an additional 150,000 square feet have valid planning permissions should occupiers be found to make a start worthwhile.

At the same time, Exeter is displaying considerable activity in the conversion and modernisation of second-hand and older office properties, at least 60,000 square feet of which is estimated to be available on the market at present; there is plenty more still to go, according to local agents.

Rebuilt

Plymouth, whose city centre has been completely rebuilt following wartime bombing, has in recent years had perhaps 1m. square feet of new offices in the planning pipeline, but much of this is falling victim to the prevailing economic climate. By the end of 1975, new space totalling 60,000 square feet is due to be completed, most of it on offer in Western Trust's new headquarters at £4 per square foot, a figure which, says Peter Stedman of local agents Taylor Son and Creber, represents an all-time high for the city.

Many of the smaller towns in the regions have been experiencing recent office growth, among them Gloucester, Cheltenham and Bath. Cheltenham is the new home of the Countryside Commission, an insurance subsidiary of the National Union of Students and the Chelsea Building Society, the last of which has moved into a comfortable mansion, Thirlestains Hall, to the west of the town centre. In Gloucester, part of Renslade House has been let to Trident Assurance (who may also be contemplating a larger move to this area in the near future) while in Bath, the 40,000 square foot Carpenter's House development was prelet prior to completion to the Admiralty, one of the town's most important sources of employment.

Most of these smaller towns are operating restrictive office development policies, on the lines of those of their larger neighbours, and the future prospect for offices in the South West is therefore likely to be one of steady growth marching in step with a projected continuing increase in population.

David Crawford

FARMING AND RAW MATERIALS

French open lamb import market

By John Cherrington, Agriculture Correspondent

THE FRENCH sheep market has opened this week because the price of lamb at the Rungis Market near Paris went above the threshold figure of Frs.15.50 a kilo (76p per pound) for the second week running. *This has* been expected by the trade and accounts in part for the firming in market values over the past *few days.*

The impact on prices on British markets is unlikely to be spectacular as the carcasses *exported* will have to bear a variable import duty which this week is 30.1p per pound, and ad valorem duty of 8 per cent., a total of 34p per pound.

It is not believed that the market will remain open for long, as the price in Paris could well *fall below the threshold* next Monday. Only those lambs licenced for export by the French authorities up until this *Thursday* will be accepted next week.

A trickle of lambs has been reaching Paris in spite of the previous ban by being exported alive and slaughtered in Germany and possibly in Holland and then re-exported to France. *So far the French authorities* although aware of the position have taken no action to prevent this.

If the market does remain open the effect on prices here will undoubtedly be to keep the market firm and possibly raise it to the British guaranteed level of about 35p per pound.

Dramatic turnround in London coffee prices

BY RICHARD MOONEY

COFFEE PRICES fell sharply on the London terminal market yesterday and the September position ended the day £140.25 down at £714.75 a tonne.

The dramatic decline was not prompted by any fresh news from Brazil about the frost damage which is reported to have decimated the crop there. *but rather by an understandable* tendency for traders to stand aside from the market in the belief that a sizeable downward reaction might be due following the unprecedented rise of the last few days. Dealers said the wave of stop-loss buying and covering orders triggered by the rise appeared to have been satisfied while speculative buying had virtually disappeared.

Joao Gomes Moreira, president of the North Parana Coffee Trade Centre, told Reuters he was confident, following talks with Industry and Commerce Minister Severo Gomes at the week-end, that the Government will take all necessary steps to ensure that growers continue to farm coffee. There had been fears that some might have been *tempted to switch to other crops,* such as soyabeans after having three coffee crops ravaged by frost in only seven years.

There is no rush to announce the relief programme, however, as growers will not feel the full force of the disaster until next *year, when many will have little* or no crop to harvest. The Brazilian Coffee Institute plans to complete its study of the damage—which could take some weeks—before announcing relief measures.

Sr. Moreira said the internal coffee market in Parana was virtually at a standstill with Brazilian roasters holding back on purchases. But exporters need to cover between 2m. and 2.5m. bags sold before export registries were suspended last week and are having to pay 500 cruzeiros a bag, against 410 before the frost.

The disaster has prompted *Colombia—the world's second* biggest coffee producer—to call for a review of the draft international coffee agreement. Mines and Energy Minister Juan Hose Turbay said: "In the face of the new circumstances it is necessary to review the world coffee *agreement which was to have* been signed in London on October 24." Colombian export registries are suspended until the full extent of the damage to the Brazilian crop is known.

In Sao Paulo meanwhile, the *state's sugar crop is estimated* to have been reduced by 10-15 per cent. as a result of the frost. Fabio Meirelles, president of the *Sao Paulo State Agriculture* Federation, said yesterday that it was important to proceed urgently with the cane sugar *harvest, which began early last* month, to avoid further loss of sucrose content.

The London daily sugar price was marked up £5 to £190 a ton yesterday, while on the futures market the October position rose to £189 a ton before *finishing £6.35 up at £186.125.* The main factor in the sugar market was a report that a price of more than $400 a tonne had *been paid for 25,000 tonnes of* Thai raws, but sentiment was also helped by the limit-up close in New York on Monday night.

The cocoa market was also firm with the September delivery rising to £643 on the opening call. Reports of pod rot in Brazilian cocoa were rejected firmly by trade sources and the rise was soon trimmed. September cocoa traded at below £640 for most of the day but finished £19.3 higher at £648.5 a tonne after a late rise. The firm opening was again attributed to overspill from coffee and the subsequent fall was assumed to reflect the easier tone in coffee. Technical tightness in nearby supplies was also seen as a contributing factor to the early advance.

Purchases of midcrop cocoa for the sixth week of the season (ended July 17) are estimated at 490 tons, the Ghana Cocoa *Marketing Board said, reports* Reuter from Accra. This brings total *midcrop purchases for this* season to an estimated 3,156 tons *against 3,820 tons after six weeks* last year.

Tin chief backs new ITC role

By Our Commodities Staff

THE INTERNATIONAL Tin Council must work within the framework of the established market and the tin trade ITC executive chairman, Mr. H. W. Allen, said on an official visit to the London Metal Exchange yesterday.

In what was seen as a valuable, goodwill visit Mr. Allen said he was grateful for the professional expertise and support of those from the LME who had advised and assisted him recently.

Enlargement of the tin buffer stock under the 5th International Tin Agreement would mean the *ITC could work more in the* market and less in the field of export controls he added. "The ITC can help the LME to find *real values for tin by introducing* price guidelines and a stabilising element in the market," he added.

With the Penang market still steady tin prices on the LME eased on some modest profit-taking and there was a fair amount of buying and selling at the lower levels. Standard cash tin closed £6.5 down at £3,102.5 a tonne.

Copper prices were buoyant despite the firmer tone of sterling and closed with cash wire*bars up £11.5 at £573.5 a tonne* and three months up £11.25 at £592.25. Lead and zinc also closed higher under the influ*ence of the stronger copper* market.

CEREALS MARKET

Bridging the Soviet grain gap

BY DAVID LASCELLES, EAST EUROPE CORRESPONDENT

SOVIET ORDERS in the U.S., Canadian and Australian grain markets for a total—so far—of 11.5m. tons confirm that the drought that has affected most of the Soviet Union this summer is taking its toll. But Western estimates of how much grain the Russians will need vary widely, *not least because some Soviet* buying may have been timed more to take advantage of low prices and advantageous freight *rates than to satisfy immediate* requirements.

The Russians have divulged little about their harvest expec*tations this year beyond their* target of just over 215m. tons, some 20m. tons more than last year. But their *weather reports* and observations of U.S. specialists, who have toured grain areas under the U.S.-Soviet bilateral agreements, confirm that the drought has reduced the crop.

Dry weather

Dry weather has affected areas as wide apart as the Ukraine *and Kazakhstan, reducing yields* in the former area to 25 zentners per hectare in some parts against up to 33 zentners in good years *(one zentner = 110 lb). Soviet* reports have also spoken of stunted crops and sparse growth following three months of very low rainfall.

There have been the usual problems with equipment too. A new model of combine harvester was found to have such a small petrol tank that it constantly needed to be stopped for refuelling, and there were further delays while larger tanks were fitted. Other mechanical problems have arisen because *this year's shorter crop* has meant lowering cutting blades to avoid smashing the ears of wheat.

The Russians' break-even point on grain this year—the minimum necessary to satisfy Soviet internal demand and the shortfall of its allies in East Europe—has been estimated by Western observers at 210m. tons. (The Soviet population is now well *over 250m.*)

Given that last year's crop was a disappointing 195m. tons and therefore well below break-even, and that the authorities only felt able to set this year's target some 5m. tons above break-even, the situation was bound to be tight, unless conditions were good.

Added to this, the Russians' stocks are believed to be low this year because of the slow progress made in replenishing after the harvest disaster of 1972.

At it has turned out, the weather has not been favourable, and with poor conditions affecting East Europe as well, the Russians will have to make up *for a Comecon-wide shortfall* as well as their own. The U.S. Agriculture Department has tentatively put this shortfall at *around 15m. tons on the basis* of an unexpected harvest of 195m. tons.

Australia has sold 750,000 tonnes of wheat to the Soviet Union *for more than $A100m.,* chairman of the Australian Wheat Board, Mr. John Cass, told Reuter yesterday.

The wheat will be shipped between September this year and May 1976

But predictions have to be hedged with caution. Normally, up to 20 per cent. is deducted from the harvest total by Western observers to account for frequently enormous losses due to bad storage and transport.

However, the U.S.S.R. is now *in the second year of a vigorous* drive to build more grain stores and improve communications, so that losses in these areas could be smaller. On the other hand, a drier and, therefore, lighter crop will also mean a lower final tonnage.

Furthermore, the very purchases themselves could be misleading. As some specialists have pointed out, this is not a *bad moment for the Russians to* buy grain, whatever their harvest expectations. They are obtaining a reasonable price for *gold, and grain and freight rates* are advantageous.

On the basis of the U.S. figures, we might expect further Soviet purchases *this year* of around 4m tons. But given the immense value of Russia's gold *reserves* and its very healthy balance of payments position due to higher oil prices, it is in a position to buy more than this *if necessary.* So it is possible that extra purchases will be made to get stocks up to safe levels again, especially since *American dealers have said they* can meet Soviet orders internally without stretching the market too far.

Feedgrains

But a point about the purchases which is as important as their volume, is their composition.

A large proportion of the orders placed so far have been for feedgrains, which could be revealing on the state of meat production. *It is known that,* during the 1972 disaster, Soviet farmers slaughtered on a wide scale, and as a result meat has been hard to come by despite the Government's declared aim to improve eating standards by increasing meat supplies.

The fact that there is an apparent feedgrain shortage now suggests that livestock are back *to former levels and that the* Government's meat campaign is having some success.

Danes given advice on pig sales to U.K.

By Our Own Correspondent

COPENHAGEN, July 22.

DANISH FARMERS must avoid concentrating on producing pigs for the British market, the president of the agricultural council, Arne Pilegaard Larsen, said here to-day.

He was commenting on re*marks by a senior official of the* Ministry of Agriculture, Mr. H. J. Kristensen, who said yesterday that since joining the EEC Danish agriculture had failed to adjust its output to the realities of export markets.

Pig production was designed almost entirely for the British market, he pointed out, but it was predictable that bacon sales *to Britain would fall when low* British prices were brought into line with the higher EEC level. Danish farmers therefore had to *decide whether they should* continue exclusively to produce bacon pigs.

EEC 'warning' on feed wheats

BY ROBIN REEVES

BRUSSELS, July 22.

AGRICULTURAL MINISTERS of the Nine to-day supported a warning to EEC cereal producers not to count on receiving more than the price of feed grains if they plant wheat varieties unsuitable for breadmaking this autumn and beyond.

Only the Netherlands voted against the warning on the grounds that it remains impossible to distinguish simply between *milling wheats* and non-bread varieties like Maris Huntsman, Clement and Talent, and because of potential loss of revenue by Dutch cereals growers.

Other Ministers of Agriculture accepted that the Community must take appropriate measures to prevent non-milling wheat receiving the higher than *feed grains price traditionally* guaranteed by the CAP for wheat.

Mr. Pierre Lardinois, the Commissioner responsible for agriculture, stressed that unless something was done, the amount on non-milling wheat being produced simply for intervention would pose serious cost problems for the Community budget.

In the absence of a simple test to distinguish the different wheats, it seems increasingly likely that the Commission *eventually will have to propose* pitching the EEC wheat intervention price at the same level as that for maize and barley, leaving market forces to establish a premium for bread-quality wheats. If necessary, the Commission could also offer an incentive, or premium, to millers and bakers to contract their annual bread wheat requirements from producers before planting gets under way.

The Commission's plan to pay a premium of around £4 a tonne *to incorporate the present EEC* surplus of non-milling wheat into animal feed has been dropped for the time being, *because of the sharp rise in* world grain markets following the recent Russian purchases on world markets. This has reopened the possibility of the Community exporting the surplus to world market outlets with the result that the incorporation premium, for the present, is not economically justified.

On wine, the Council made little progress towards closing the wide differences of opinion between Italy and France on measures needed to bring EEC production and consumption into better balance and to drain the Common Market "wine lake."

There were suggestions that, instead of trying to settle everything at the present meeting by a traditional all-night agricultural marathon, Ministers should agree on a resolution backing the basic elements in the Commission's wine package. These include a ban on new vine plantings, strict controls on the quality *of replanted vines and compulsory* distillation of poor quality wines for a low price.

Shortfall in world silver production

NEW YORK, July 21.

WORLD SILVER consumption exceeded production by 3.6m. troy ounces in June, the Silver Institute says in its latest report.

All known U.S. silver refiners produced 12,266,729 troy ounces of silver in June and disposed of 13,015,423 ounces, leaving a shortfall of 748,694 ounces, it says.

Abroad, the silver refiners participating in the Institute statistical programme, refined 8,238,029 troy ounces of silver and disposed of 11,066,369 ounces leaving a shortfall of 2,828,340 ounces.

For the first six months of the year, the U.S. refiners produced 81,966,402 ounces and disposed of 83,316,699, while foreign re*finers produced* 56,425,818 ounces and disposed of 59,844,212. Reuter.

New wheat sale to Soviet Union

BY ADRIAN DICKS

WASHINGTON, July 22.

A THIRD *major* wheat sale to the Soviet Union was revealed here to-night, when Cook Industries reported to the Department of Agriculture that it had concluded negotiations with Moscow for the sale of 1m. tons of winter wheat. Last week Cook announced a 2m.-ton sale—the first of a round of Russian purchases from the U.S. and Canada that reflects severely reduced expec*tations for the Soviet Union's* own crops this year.

To-night's announcement brings the total of wheat known to have been bought by the Russians to 4.2m. tons from U.S. exporters, plus 2m. tons from the Canadian Wheat Board, and a further 750,000 tons from the Australians.

In addition, Continental Grain announced yesterday a deal with Russia for the purchase of 4.5m. tons of maize and 1.1m. tons of barley—for which maize could be substituted.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Gained further ground on the London Metal Exchange. Despite the steadier tone of sterling, prices pushed ahead to end at around the day's highest. Forward metal opened at £585 in pre-market trading and moved up to £593 helped by speculative and chartist interest and U.S. commission house buying. In the afternoon the price traded between £593 and £591 before ending at £591.5 on the Kerb. Rumours that Phelps Dodge is intending to raise its price to 68 cents per pound also aided sentiment. Turnover 12,925 tonnes.

Amalgamated Metal Group reported that in the morning, cash wirebars traded at £567, 67.5, 68, three months £587 to 84, 86.5, 87. Cathodes: three months £578. Kerb: Bars: three months £589, 90, 89.5, 89 to 93. Afternoon: Wirebars: three months £592, 91, 90.5, 90 to 93, 92. *Cathodes: Three months £580.5.* Kerb: Bars: three months £591, 92, 91.5, 91.

TIN—Eased fractionally. Despite the steadiness in Penang overnight prices lost ground here owing to profit-taking. Forward metal fell to £3,125 at which level a fair two-way business developed owing to trade interest around that level. The firmer tone of sterling was also a dampening factor. Turnover 880 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	568-.5	+8.5	573-.4	+11.5
3 months	587-.5	+8	592-.5	+11¼
Settlem'nt	568.5	+8.5	—	......
Cathodes				
Cash	557-.8	+8	561-2	+11
3 months	575.5-6	+8.5	579.5-80.5	+10½
Settlem'nt	557.5	+8	—	......
U.S. Smt.	—	......	*60-63.7	......

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	3108-9	—2.5	3100-5	—8.5
3 months	3129-30	—3.5	3123-5	—8
S'ment	3109	—3	—	......
Standard				
Cash	3108-9	—2.5	3100-5	—8.5
3 months	3129-30	—3.5	3123-5	—8
S'ment	3109	—3	—	......
Straits E.	‡$965½	+½	—	......
New York	—	......	*345.5	+8.75

Morning: Standard: cash £3,105, three months £3,130, 27, 26, 25, 30. High Grade untraded: Kerb: untraded. Afternoon: Standard: cash £3,105, 3,100, three months £3,125, 23. High Grade untraded. Kerb: Standard: cash £3,100, three months £3,123.

LEAD—Up again. Prices moved higher owing to short-covering, and speculative buying which was prompted by the firmness of copper. Turnover 2,828 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	169.5-70	+5	170-.5	+5.25
3 months	176.5-7	+4.5	176.5-7	+2.75
S'ment	170	+5	—	......
N.Y. Spot	—	......	19-22¼	......

Morning: Cash £169, 71, 70, late August £173.5, early Oct. £176, 76.5, three months £175 to 76.5 to 76, 76.5. Kerb: three months £177, 78, 77.5. Afternoon: three months £176, 77. Kerb: three months £176.5.

ZINC—Firmer in line with the general trend, forward metal closing at £329.5 on the afternoon Kerb. Turnover 4,050 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	323-5	+1.75	324-.5	+2
3 months	327-8	+2.25	328.75-9	+3.75
S'ment	325	+2.5	—	......
Prm. West	—	......	*33½-9	......

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

Morning: Early August £326, late Sept. £328, three months £326, 25.5, 27, 27.5, 29. Kerb: late July £325.5. Afternoon: Cash £324, early Sept. £328, three months £328, 28.5, 29, 28.75. Kerb: cash £324.5, three months £329, 29.5.

SILVER

Silver was fixed 4p an ounce higher for spot delivery in the London bullion market yesterday, at 217.0p. U.S. cent equivalents of the fixing levels were: Spot 474.3c (462.7c), three-month 483.2c (471.2c), six-month 493.8c (482.1c), and 12-month 515.0c (502.0c). The market opened at 215.5-216.5p (469½-472c) and after an active day the metal closed at 216.7-217.7p (472-474½c).

SILVER per troy oz.	Bullion fixing prices	+ or —	L.M.E. close	+ or —
Spot	217.0p	+4.0	216.9p	+4.45
3 months	222.7p	+4.1	223.75p	+4.5
6 months	229.3p	+5.9	—	......
7 months	—	......	231.75p	+4.2
12 months	243.1p	+4.4	—	......

LME—Turnover 232 (214) lots of 10,000 ozs. Morning: Three months 223, 22.8, 22.7, 22.8, 23, 23.2, 23.3, 23.7, 23.5, 23.8. Kerbs: Three months 223.7, 23.6, 24, 24.2, 24.4, 24.7, 25. Afternoon: Three months 223.8, 24, 23.9, 24, 24.2, 24.1, 23, 23.7, 23.5, 23.6, 23.5, 23.7, 23. Kerbs: Three months 223.6, 23.5, 23.4, 23.2, 23.1, 23.

COCOA

Prices closed in the middle of the day's range, after fluctuating widely, with trade and speculators on both sides of the market, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or —	Business Done
No.4 Contract			
July	656.5-60.0	+55.75	650.0-30.0
September	648.0-49.0	+19.25	660.0-28.0
December	625.5-27.0	+16.75	639.0-00.0
March	611.0-12.0	+14.75	620.0-588.0
May	607.0-08.0	+8.5	615.0-585.0
July	613.0-15.0	+17.5	606.0-581.5
September	613.0-16.0	+17.0	—

Sales: 3,555 (3,350) lots of 10 tonnes.

International Cocoa Agreement prices: Daily 57.58 (54.47) U.S. cents per pound: indicator 15-day average 50.54 (49.70) 22-day average 48.46 (47.82).

FREIGHTS

DRY CARGO—Overnight confirmation *of further purchases of grain from U.S.* and Australia by Soviet Union for shipment from the end of this year over 1976 increased shipowners' hopes for rate improvements in more forward positions. In view of the unknown tonnage already taken on timecharter, however, combined with available Soviet and U.S. flag tonnage, any benefits felt by shipowners, according to market sources, might well be minimal. N. American grain inquiry on European account remained small and business was limited to a cargo from St. Lawrence to W. Italy at $9.25 f.i.o. for August. Miscellaneous chartering included urea from Poland to India at *$26.50 f.i.o. for prompt loading and* fertiliser on the same run at $27 f.i.o. for July-August, while a cargo of ore from Tubarao to Dunkirk paid $3.75 f.i.o. for August.

OIL TANKERS—Few fixtures were reported with the U.S. majors appearing to be arranging VLCCs with each other rather than coming to the market. One fixture of 174,000 tons out of the Persian Gulf to Italy at WS33.33 was reported.

COFFEE

Robusta terminal began quiet and easier with light dealer selling and long liquidation in nears and profit-taking pushing all but spot July well below £800. Stoploss buying and covering orders triggered by the Brazilian frost-inspired rise appeared to have been satisfied.

Also contributing to the trend, was reduced speculative interest and the feeling in some quarters that a reaction was due after the unprecedented gains.

Prices after lunch continued to react from recent record highs under local selling, profit-taking and long liquidation.

Arabicas closed 100 points higher to 115 points lower.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
July	700.0-800	—110	—
September	714.0-15.5	—140¼	850.0-680.0
November	706.0-08.0	—78.5	820.0-690.0
January	706.5-09.0	—77.25	800.0-690.0
March	710.0-11.0	—69.5	785.0-695.0
May	711.0-15.0	—72.0	786.0-700.0
July	710.0-720.0	—80.0	780.0-700.0

Sales: 2,963 (4,416) lots of 5 tonnes.

Latest ICO indicator prices unavailable.

ARABICA CONTRACT (in order buyer, seller, sales)—August 88.50-94.00, nil; Oct. 86.00-87.50, 12; Dec. 87.50-88.50, 4; Feb. 90.00-90.50, 30; April 90.50-90.75, 2; June 91.50-95.00, nil; August 92.50-95.00, nil. Sales 77.

RUBBER

SLIGHTLY EASIER opening on the London physical market. Quiet throughout the day, closing on an irregular note. Lewis and Peat reported a Malaysian godown price of 142½ cents a kilo.

No. R.S.S.	Yesterday's close	Previous day's close	Business done
Aug	38.50-38.50	37.50-38.25	—
Sep	37.00-39.50	37.75-40.00	—
Oct.-De.	37.95-38.15	38.80-38.80	38.10-37.17
Jan.-Mr.	38.00-38.10	38.40-38.50	38.55-37.70
Ap-Jun.	38.25-38.55	38.80-39.00	39.00-37.90
Jy-Sept	38.95-39.00	39.25-39.40	39.80-38.75
Oct-Dec	39.75-39.85	39.90-40.30	39.90-39.55
Jan-Mr.	40.50-40.85	40.85-40.90	40.80-40.30
Ap-Jun.	40.80-41.50	40.55-41.50	—

Sales: 346 (172) lots of 15 tonnes.

Physical closing prices (buyers) were: Spot 34.25p (35.0p); August 29.75p (30.5p); Sept. 30.5p (31.25p).

SOYABEAN MEAL

	Yesterd'y Close	+ or —	Business Done
	£ per tonne		
August	79.70-81.00	+1.65	80.8-80.5
October	80.5-81.0	+1.20	81.7-81.0
December	80.70-81.00	+1.4	81.0-81.7
February	81.60-81.90	+1.15	82.20
April	83.00-85.10	+1.50	—
June	85.80-84.00	+0.95	—
August	84.20-84.50	+0.8	—

Sales: 53 (44) lots of 100 tonnes.

GRAINS

THE BALTIC—Imported grains remained lifeless. Sellers raised prices for U.S. wheats and maize, but buyers *were reluctant to follow the advances and* fresh business was slow to develop.

Wheat—U.S. Dark Northern Spring No. 2, 14 per cent, Aug. £91.50, Oct. £87.00 direct Tilbury. EEC milling Aug. £61, Sept. £62 East Coast.

Maize—No. 3 Yellow American-French July £58, Aug. £60.50 transhipment East Coast, South African White Aug.-Sept. £60.50 Glasgow nom., South African Yellow Aug.-Sept. £60.00 Glasgow nom.

Barley—EEC Feed Aug. £57.25 East Coast, rest unquoted.

LONDON GRAIN FUTURES MARKET (GAFTA)—Wheat, steady. Close: Sept. 58.85, Nov. 61.05, Jan. 63.35, March 65.50, *May 67.25. Business: Sept. 59.35-58.75,* Nov. 61.55-61.05, Jan. 63.90-63.35, March 65.85-65.60, May 67.55-67.50. Barley, steady. Close: Sept. 56.90, Nov. 58.65, Jan. 60.95, March 67.00, May 64.60. Business: *Sept. 57.25-56.75, Nov. 59.20-59.00,* Jan. 61.35-61.20, March 63.35-63.30, May 64.95-64.75.

HGCA—Location ex-farm spot prices: *Feeding barley*—Edinburgh £50.65; Kings Lynn £54.20.

EEC DAILY IMPORT LEVIES and premiums effective July 23 (in order current levy plus Aug., Sept. and Oct. premiums, with previous in brackets). Rates in units of account per tonne: Soft Wheat and mixed wheat and rye—36.70, rest nil (36.70, rest nil); Hard wheat—30.41, 2.99, 2.99, 8.22 (30.41, 2.99, 2.99, 8.22); Rye—48.31, rest nil (46.67, rest nil); Barley—36.29, rest nil (36.29, 3.00, 2.00, nil); Oats—33.91, rest nil (25.03, rest nil); Maize (other than hybrid for seeding)—16.80, 4.98, 4.98, 8.34 (18.30, 4.48, 4.48, 8.60); Buckwheat—13.94, rest nil (13.94, rest nil); Millet—8.17, rest nil (8.18, rest nil); Grain sorghum—34.19, rest 0.75 (34.18, rest 0.75). Levies for flours: Wheat or mixed wheat and rye—70.72 (70.72), Rye—86.90 (83.98).

SUGAR

LONDON DAILY PRICES (raw sugar) higher at £190 (£185) a ton c.i.f. for July/Aug shipment. White sugar daily price was fixed at £200 (£195) a ton.

Gains up to £5 were recorded initially, but later there was a clear lack of follow-through and prices reacted by some 400 points. A slightly easier tone prevailed again after midday, but later a fresh agency report detailing the frost damage in southern Brazil drove prices to new highs, C. Czarnikow reports.

Sugar Pref. Comm. Con.	Yesterday's Close	Previous Day's Close	Business Done
	£ per ton		
Aug	180.00-81.00	184.50-86.00	195.00-83.00
Oct	185.75-86.50	178.50-80.00	188.00-78.00
Dec	183.50-84.00	177.50-78.00	186.50-78.50
March	181.00-81.50	176.00-76.50	184.50-75.00
May	180.75-81.00	174.00-76.00	183.00-80.00
Aug	180.50-81.25	175.00-76.00	185.00-79.75
Oct	181.00-81.50	170.00-76.00	183.00-74.00

Sales: 3,084 (2,580) lots of 50 tons.

Tate and Lyle ex-refinery price for granulated basis white sugar was £250 (same) a long ton for home trade and £283 (£280) a long ton for export.

EEC IMPORT LEVIES—For white and raw sugar, denatured and non-denatured, effective July 23. Figures in units of Account per 100 kilos (previous in brackets): White—2.45 (3.27). Raw—0.26 (0.42).

WOOL FUTURES

LONDON—Little change.

(Pence per kilo)

Australian Greasy wool	Yesterd'ys close	+ or —	Business Done
July	158.0-60.5	—	—
October	162.0-65.0	—	—
December	166.0-68.0	—	—
March	172.0-73.0	—	—
May	174.0-75.0	—	—
July	176.0-78.0	—0.5	—
October	179.0-82.0	—	—
December	180.0-86.0	—	—

Sales: Nil (58) lots of 1,500 kilos.

SYDNEY GREASY (in order, buyer, seller, business)—July 240.5-242.0, 242.0-239.5; Oct. 258.0-253.1, 253.1-252.0; Dec. 256.5-257.0, 257.0-256.8; March 261.1-261.2, 261.1-261.0; May 262.2-262.5, 262.5-262.0; July 264.0-264.1, 264.1-263.5; Oct. 265.0-265.5, 265.0-265.0; Dec. 265.0-265.5, 265.5-265.0. Sales 119.

MEAT/VEGETABLES

SMITHFIELD (pence per pound)—Beef: Scotch killed sides 29.0 to 33.0. English hindquarters—heavy 38.0 to 39.5, Eire hindquarters 37.0 to 39.0, forequarters 17.0 to 19.0.

Veal: English fats 36.0 to 42.0, higher quality fats 43.0, bobbies 10.0 to 12.0, Scotch bobbies 9.0 to 12.0, Dutch hinds and ends 33.0 to 36.0, higher quality hinds and ends 37.0.

Lamb: English small 33.0 to 35.0, higher quality 36.0, medium 29.0 to 32.0, heavy 27.0 to 30.0. Scotch medium 29.0 to 31.0, heavy 27.0 to 29.0. Imported *frozen: New Zealand Ds 29.0 to 30.0,* 2s 29.0 to 30.0, 8s 28.0 to 29.0, YLs 27.0 to 28.0.

Ewes: 12.0 to 13.0.

Pork: English, under 100 lbs 28.0 to 32.5, 100-120 lbs 26.0 to 31.5, 120-160 lbs 26.5 to 30.0, 160-180 lbs 26.5 to 27.5, 180 lbs and over 24.5 to 27.5.

MEAT COMMISSION—Average fatstock prices at representative markets on July 22: U.K.—Cattle £17.89 per live cwt (+0.81), Sheep 32.2p per pound e.d.c.w. (+2.3), Pigs £4.16 per sc.l.w. (−0.06). England and Wales—Cattle numbers down 5.7 per cent., average price £16.13 (+0.90), Sheep up 8.6, 32.5p (+2.3); Pigs up 1.6, £4.16 (−0.04). Scotland—Cattle down 4.6, £18.98 (+0.67); Sheep down 19.2, 31.3p (+4.3); Pigs up 2.3, £4.19 (−0.25).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Brazilian: 2.00-2.20; South African: 2.40-2.70; Californian: 2.60. Grapefruit—*South African:* 2.80-4.00; Californian: 4.00. Lemons—Spanish: 4.20-5.30; Italian: 5.30. Californian: 5.50; South African: 5.30-6.00. Apples—South African: Golden Delicious 5.70, Granny Smith 6.00-6.20; New Zealand: Granny Smith 6.20, Sturmer Pippin 5.90, Dougherty 6.00; Tasmanian: Democrats 5.80, Crofton 5.80, Sturmer 5.90; French: Cartons, Golden Delicious 20-lb 2.90; Western Australian: Granny Smith 5.60. Pears—Italian: Dr. Jules Guyet per pound 0.12-0.13; French: 0.10. Bananas—Windward Islands: Per 28-lb 2.30; Jamaican: 2.60. Apricots—Hungarian: 1.30. Grapes—Cyprus: Per 12-lb Cardinal 2.00, Sultana 2.10, 18-lb 2.70. Peaches—Italian: 14-Trays 2.20-2.90. Plums—Spanish: Santa Rosa 1.40-2.00, Gaviota 1.30-1.80; Italian: Burbanks per pound 0.10-0.12, Shire per pound 0.09. Tomatoes—Guernsey: 1.20; Jersey: 1.20. Courgettes—Jersey: 1.20. Potatoes—Dutch: 2.30; Cyprus: 3.40. Onions—Spanish: 2.60-3.00. Melons—Israeli: Yellow 2.20-2.40; Spanish: 2.50-2.70. Water-melons—Italian: 2.00; Spanish: 1.90.

English produce: Lettuce—Per 12 round 0.70, cos 0.80. Cucumbers—Per tray, 12 1.00, 14 1.00, 16 0.80, 18 0.80. Potatoes—Per 56-lb, *Cornish/Kent 3.00-3.20.* Celery—Per 12 to 24 1.30-1.50. Peas—Per pound 0.06-0.07. Broad beans—Per 20-lb 1.00. Mushrooms—Per pound 0.20-0.25. Cabbages—Per bag, Prime 0.70. Marrows—*Per each 0.08. Cauliflowers—Per 12 1.40-*1.50. Carrots—Per 28-lb 1.20-1.60. Beetroots—Per 28-lb 1.50. Courgettes—Per 12-lb tray 1.20. Tomatoes—Per 12-lb 0.80-1.20. Strawberries—Per ½-lb 0.13-0.20. *Raspberries—Per ½-lb 0.05-0.07.* Cherries—Per pound Black 0.20-0.22½, White 0.12-0.16.

JUTE

DUNDEE—Quiet. Prices c. and f. U.K. for July-Aug. shipment: BWB £196, BWC £189, BWD £182. Tossa: BTB £198, BTC £191, BTD £184. Calcutta goods easier. Quotations c. and f. U.K. for July shipment: 10-ounce 40-inch £6.75, 7½-ounce £5.06 per 100 yards. Aug. £6.86 and £5.18, Sept. £6.89 and £5.20. "B" twills: £21.10, £21.21 and £21.38 for the respective shipment period. Yarn and cloth quiet.

LONDON—Quiet. Bangladesh White "C" grade July-August £195. "D" grade July-August £188. A long ton.

CALCUTTA—Steady. Indian July Rs.465. Dundee Daisee July Rs.420 values. A bale of 400 lbs.

COTTON

LIVERPOOL COTTON—Spot and shipment sales amounted to 290 tonnes, bringing the total for the week so far to 357 tonnes. F. W. Tattersall reports. While interest quickened, no major operations took place, apart from specialised Middle Eastern qualities. Minor support came in Sudan and Latin American growths.

★

***GRIMSBY FISH**—Supply* fair, demand good. Prices per stone at ship's side unprocessed: Shelf cod £1.70-£2.30. Codlings £1.40-£1.80, Large haddock £2.50-£2.80. Medium £2.30-£2.60. Small £1.80-£2.00. *Large plaice 3.30. Medium £3.30.* Best small £2.80. Large skinned dogfish £3.80. Medium £1.90. Coalfish 90p-1.05. Rockfish £1.00-£1.30. Lemon soles £3.90. Reds 80p-£1.10.

★

COPRA—Philippines: July to Sept. $230 to $226 resirs. per tonne cif North Euro ports.

PRICE CHANGES

Prices per ton unless otherwise stated

	July 22 1975	+ or —	Month ago
Metals			
Aluminium (a)	£586	......	£586
Free Market cif	£510-526	......	£290-306
Copper			
Cash Wire Bars (a)	£573.5	+11.5	£519.75
3 month do. do. (a)	£592.25	+11.25	£538
Cash Cathode (a)	£561.5	+11.0	£508.25
3 months do. (a)	£580	+10.75	£526.75
Gold Troy oz.	$165.5	+1.05	$162.5
Lead Cash (a)	£170.25	+5.25	£158.5
3 months (a)	£176.75	+2.75	£151.75
Nickel (a)	£1,968	......	£1,917
Free market cif (lb)	$1.75-.90	......	$1.85-2.0
Platinum (a) troy oz.	£72-75½	......	£69-75.5
Free Market	£75.25	+2.75	£65-75
Quicksilver (76lb) (a)	$110-115	......	$115-120
Silver Troy oz.	217p	+4.0	197.8p
3 months	222.7p	+4.1	202.9p
Tin Cash (a) ‡	£3102.5	—6.5	£3,075.5
3 months (a)	£3124	—6.0	£3,057.5
Wolfram 22.04lb. cif	$58½-59½	......	$59-60
Zinc Cash (a)	£324.5	+2.0	£328.5
3 months (a)	£328.875	+3.75	£316.75
Producers (a)	£560	......	£360
Oils			
Coconut Malayan	$178	+18	$160*
Groundnut			
[illegible]	£392	......	
Linseed Crude (z)	£422	......	£430
Palm Malayan (z)	$178	+2	$149
Soyabean (u)			
Seeds			
Copra Philipp ton	$250	—10	$226
Gr'nuts Nigerian			
Linseed Can. No. 1	£197.5	......	£156
Grains			
Barley EEC	£57.25z	......	£54.5
Homes Futures	£56.9	+0.65	£56
Maize			
French No.3 Am.	£58	+0.5	£54.75
S.A. Yellow Flint	£69z	......	£65
Wheat			
No. 1 Red Spring		......	
No.2 Hard Winter		......	
Australian (f.a.q.)		......	
English Milling	£59.75z	......	£55.5
Cocoa Shipment (u)	£733.5	+18.5	£538.5
futures Sept.	£648.5	+19.25	£481.75
Coffee Shipment (e)			
futures Sept. (Clb)	£714.75	—140.25	£458.25
Cotton 'A' Index cent	54.3	+0.15	54.05
Jute LJABWC (d)	£195	......	£200
Rubber kilo	34.25p	—0.75	31.5p
Sisal EA3L (a)	$600	......	$600*
Sugar (raw)	£190	+5	£133
Wooltops 64s kilo	188p	......	190p
Cloves (Madagaskar)	$2,550	......	$2,400
Pepper White ton	$890	......	$850
Black ton	$690	......	$635

* Nominal. † Seller. § Unofficial close. ♣ Indicative price. b U.K. and Commonwealth refined. c Uganda Robusta standard grade indicative prices f.o.b. Mombasa. U.S. cents a pound. d Bangladesh white "C". ‡ Unquoted. o Seller's quotation. h August. k June. u Metric tons. r September. r June-July. s July-Aug. z Nov. q May-June. w Nov.-Jan.

FINANCIAL TIMES

July 22	July 21	Month ago	Year ago
178.73	179.80	157.90	209.60

(Base: July 1, 1952=100)

REUTER'S

July 22	July 21	Month ago	Year ago
1118.5	1112.4	1072.6	1258.8

(Base: Sept. 18, 1931=100)

DOW JONES

Dow Jones	July 22	July 21	Month ago	Year ago
Spot	309.43	299.41	268.54	371.78
Futures	280.38	277.41	247.03	357.11

(Average 1924-25-26=100)

MOODY'S

Moody's	July 22	July 21	Month ago	Year ago
Spie Comm'ty	777.5	767.6	782.1	958.5

(Dec. 31, 1931=100)

HIDES—Manchester. Easier. Second clear ox 31-35.5 kilos withdrawn 22p per kilo; 26-30.5 kilos withdrawn 22.5p; 22-25.5 kilos withdrawn 28p. Light cows withdrawn 20.5p. No calf offered.

U.S. Markets

Limit gains in cocoa, sugar up

NEW YORK, July 22.

SILVER edged higher despite late Commission House selling. Copper advanced on speculative and trade buying. Continued Commission House buying, contributed by higher sugar and grain prices, closed cocoa limit-up. Chicago grains closed higher in beans and wheat on continued speculative buying, while maize declined on heavy exporter selling, Bache reports.

Cocoa—Ghana spot 81 nom. (79 nom.); Bahia spot 86 nom. (84 nom.). July 68.50 (67.00), Sept. 60.30 (58.30), Dec. 56.70, March 55.60, May 55.00, July 55.20, Sept. 55.00, Dec. 55.95. Sales: 354.

Coffee—Spot Santos No. 4 unquoted (same), Colombian Mams unquoted (same). "C" Contract: July 75.00 (nil), Sept. 65.00 bid (61.00), Nov. 65.60 bid, Dec. 65.95 bid, March 66.69 bid, May 67.15 bid, July 67.45 bid. Sales 81.

Copper—July 58.10 (57.10), Aug. 58.30 (57.30), Sept. 58.90, Dec. 60.40 settlement. Sales: 2,272.

Cotton—Oct. 48.85-48.95 (49.00), Dec. 49.10-49.15 (49.39), March 49.95, May 50.55 bid, July 51.20-51.30, Oct. 51.40-51.60, Dec. 51.40-51.60. Sales: 1,053.

ΦGold—July 165.90 (164.70), Aug. 166.40 (165.10), Sept. 167.50, Oct. 169.30, Dec. 172.20, Feb. 175.10, April 175.00, June 159.50, Aug. 183.30, Oct. 186.30. Sales: 1,531.

Greasewool—Spot 142.5 nom. (same), Oct. 144.0 (144.0), Dec. 148.5-148.5 (146.3), March 148.5-150.5, May 148.5-152.5, July 144.5-152.5, Oct. 146.5 bid, Dec. 146.5 bid.

*Lard—Chicago loose 30.31 (29). NY prime steam 32½ nom. (30½ nom.).

††Maize—July 297-302 (300), Sept. 273½-272 (273½), Dec. 261½-260, March 268½-267½, May 272½-272½, July 275½.

‡Platinum—Oct. 169.00 (165.40), Jan. 173.00 (169.70), April 177.30, July 181.00, Oct. 185.00. Sales: 483.

‡‡Silver—Spot 474.00 (464.60), July 471.00 (470.00), Aug. 471.50 (471.00), Sept. 475.50, Dec. 487.60, Jan. 491.40, March 498.90, May 506.30, July 513.70, Sept. 521.00. Sales 5,025.

*Soyabeans—July 553-556 (567), Aug. 559½-559 (555½), Sept. 557½-558, Nov. 560-558, Jan. 568-569, March 577-575, May 583, July 591, Aug. 592.

bSoyabean Meal—July 134.00 (134.50), Aug. 125.50 (130.30), Sept. 131.30-132.00, Oct. 135.00, Dec. 138.00, Jan. 139.50-140.50, March 143.00-144.00.

Soyabean Oil—July 28.25-26.50 (26.33), Aug. 25.45-25.65 (25.10), Sept. 24.53-24.60, Oct. 23.80, Dec. 23.05-23.00, Jan. 22.70, March 22.45, May 22.20-22.25, July 21.90, Aug. 21.80.

Sugar—Spot 18.00 (17.25), Sept. 17.35-17.25 (16.89), Oct. 17.00-16.99 (16.73), Jan. 16.98 nom., March 16.45-16.50, May 16.40 nom., July 16.40 nom., Sept. 16.40 nom., Oct. 16.40. Sales: 4,696.

·Tin—318.00-373.00 asked (317.50-372.00 asked).

**Wheat—July 366 (362½), Sept. 364-362 (368½), Dec. 376½-376, March 386, May 387-388.

WINNIPEG, July 22. ††Rye—July 238 bid (240½ bid), Oct. 240½ (244 asked), Dec. 239 asked, May 242 bid.

‡Oats—July 157 bid (158½ bid), Oct. 150½ asked (161½ bid), Dec. 155½ asked, May 155 nom.

§Barley—July 243 bid (243½), Oct. 235½ bid (235½), Dec. 230½ asked, May 230 nom.

dFlaxseed—July 800 (805 bid), Oct. 785 asked (794 bid), Nov. 770 asked, Dec. 760 asked, May 750 nom.

Wheat—SCWRS 13.5 per cent. protein content St. Lawrence 502½ (same).

All cents per pound ex-warehouse unless otherwise stated. *Cents per 60-lb bushel ex-warehouse. Φ $'s per troy ounce—100 ounce lots. † Chicago loose $'s per 100 lbs—Dept. of Ag. prices previous day. Prime steam f.o.b. NY bulk tank cars. ‡ Cents per troy ounce ex-warehouse. b New "B" contract in $'s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Decatur and Illinois. ‡‡ $'s per troy ounce for 50-ounce units of 99.9 per cent. purity delivered NY. ** Cents per 60-lb bushel in store. ††Cents per 56-lb bushel ex-warehouse, 5,000 bushel lots. ‡ Cents per 24-lb bushel. § Cents per 48-lb bushel ex-warehouse, 5,000 bushel lots. d Cents per 56-lb bushel, ex-warehouse, 1,000-bushel lots.

STOCK EXCHANGE REPORT

Sharp reversal in gilt-edged on interest rate fears

Equities follow with index down 2.3 at 294.3 after 298.8

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
July 14	July 24	July 25	Aug. 5
July 28	Aug. 7	Aug. 8	Aug. 19
Aug. 11	Aug. 20	Aug. 21	Sep. 2

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

The feature of London stock markets yesterday was the sharp reversal in long-dated gilt-edged, which had rises to ½ in the late afternoon turned to falls to ½ at the close on fears of an increase in Minimum Lending Rate on Friday. Shorts, which were easier from the start on higher U.S. Treasury Bill rates, ended with even more marked falls to 1⅛. The Government Securities index sustained a loss of 0.34 at 60.46 for a three-day fall of 0.72.

Uncertainty persisted in the equity market on the second and final day of the House of Commons debate on the Government's anti-inflation plans. News of the slowdown in U.K. wage inflation last month and the OECD's forecast that the rate of domestic inflation could fall quite dramatically over the next 12 months had the effect of keeping sellers at bay, but buyers appeared equally unwilling and the settling of some short positions aided the leaders to improve a penny or two. However, as in Gilts, sentiment was upset in the late trading and small gains were turned to losses which left the FT 30-share index down 2.3 at 294.3, after having been a net 2.2 higher at 3 p.m.

Pockets of interest again centred on bid and company trading news. The Banking sector was notable for the first of the season's half-yearly statements, from National Westminster. Trading overall, however, was abysmally thin and the day's official markings, 4,223, were the lowest so far this year.

Gilts dramatic

An eventful day in British Funds ended with short-dated issues weak and only a shade off the day's lowest with net falls of a point and occasionally more. The longs sustained a similar reversal in as much that earlier gains ranging to ½ were finally replaced by losses to ½. The cause of the dramatic turnround was late talk of a pending rise in Minimum Lending Rate of a full point to 11 per cent.; earlier in the day it had been suggested that MLR would rise soon by a modest amount because of a marked severity of credit in money markets. The shorts felt the brunt of increased attempted and actual late selling, while the new long issue, Treasury 13¾ per cent., 1997, also suffered and eventually lost ½ to 94½ after having been up to 95. Overnight news of the further rise in U.S. Treasury Bill rates was relegated to little more than a background influence in the final outcome.

A revived interest in investment currency owed much to business released by overseas activity in South African Gold shares and the premium closed 1½ higher at 90½ per cent. Yesterday's SE conversion factor was 0.6282 (0.6352).

Nat West dip and rally

National Westminster opened the interim dividend season with profits which were considered extremely disappointing at first glance and the shares were marked down from 215p immediately ahead of the news to 205p; however, second thoughts prompted a rally and the shares closed unchanged on the day at 210p. Midland (which report on Friday) moved between extremes of 245p and 238p before closing a net 2 harder at 242p, while *Lloyds, also due to report on* Friday, closed similarly better at 202p. Barclays, the last to announce figures a week on Thursday, hardened 3 to 252p. Bank of Scotland, on the other hand, ran back 10 to 230p on lack of support. *Overseas issues tended* mixed with Hong Kong and Shanghai 5 lower at 230p, after 228p, following the interim report. Ahead of to-day's interim figures, Gillett Bros., in Discounts, gave up 3 to 125p.

In Insurances, C. E. Heath gave up 8 to 204p and "Royals" declined 2 to 274p, but Sun Alliance improved 3 to 380p.

Awaiting further news from Ellerman Lines on the bid situa*tion, J. W. Cameron drifted lower* on lack of interest to close 7 cheaper at 117p in narrowly mixed Breweries. Allied finished a penny off at 59p but Bass Charrington were that much dearer at 86p. Elsewhere, Distillers shaded 1 to 111p, while George Sandeman at 35p, retrieved the previous day's loss of 5.

After recent speculative strength, NET improved afresh to 58p and closed 6 up at 54p on the agreed cash and shares offer from William Mallinson and Denny Mott, 3 off at 27p. Atlas Stone ended 2 up at 55p following the interim report, while other firm spots took in Tarmac, 5 better at 123p, and A. V. Jennings, 7 to the good at 83p. The 8½ per cent. unsecured loan stock 1994/99 of Page Calnan, a subsidiary of Travis and Arnold, was marked up 36 points to £78 on the repayment plans. Taylor Woodrow reacted 6 to 260p on the half-yearly report. London Brick shed 1½ at 41p, while F. J. C. Lilley, 42p, and J. Mowlem, 48p, lost 3 apiece.

ICI typified market conditions, closing 2 easier at 250p, after 255p. Elsewhere in Chemicals, Fisons were raised 9 to 352p and Hoechst 10 to 385p.

Anglia "A," 2 easier at 58p, were an isolated dull spot in Television issues.

Philips' Lamp improve

Reflecting the firmer investment premium, Philips' Lamp recorded an improvement of 18 at 730p. Other Electrical leaders continued to fluctuate narrowly in thin trading and finished little changed on the day. Plessey, with first-quarter figures due to-morrow, were finally a penny off at 70p, after 72p. Elsewhere, Dreamland Electrical gained 3 to a 1975 peak of 41p, reflecting small speculative support on hopes that Brandt's sale of its 18.48 per cent. stake will lead to a bid for the company. Jones Stroud responded to the profits improvement with a rise of 4 to 50p, while also in firm vein were Racal Electronics, 5 up at 298p, and Ever Ready, 3 harder at 81p. George H. Scholes, on the other hand, receded 10 to 150p in a thin market, while the Japanese Sony cheapened 60 to 840p.

Apart from Marks and Spencer, 2 easier at 98p, after 101p, leading Stores managed to close with modest improvements. Among secondary issues, Robert H. Lowe were raised 3 to 35½p on the higher first-half profits, Henderson-Kenton hardened 2 to 26p on the chairman's statement and Rosgill closed a fraction better at 17½p after the preliminary figures. Among smaller-priced issues, Highlight Sports firmed a penny to 11p and Helene of London put on 1½ to 9½p. Polly Peck closed a fraction easier at 4½p on the dividend omission and loss.

Hawker held on to an early rise to close 6 up at 254p, but other leading Engineerings reacted late. Tube Investments were finally 6 down at 238p, while GKN came back from 218p to close slightly cheaper on balance at 213p. N. Greening jumped 6 to 32p on the revised agreed higher offer from Johnson and Firth Brown, 1 harder at 42p, while Baker Perkins also improved 1 to 34p, on the forecast of improved results. On the other hand, Howard Machinery fell 3 to 37p after the "rights" issue announcement. Kwikform lost 5 to 62p despite marginally higher profits and Marryat shed 2 to 14p following the unexpected second-half setback. News of Birmingham Mint's annual loss had been anticipated so the price was only fractionally easier at 48p. Renold made their debut in ex "rights" form and closed 5 down at 114p with the new nil-paid shares at 8p premium, after 11p premium. Shipbuildings were noteworthy for a recovery in Hawthorn Leslie which rallied 3 to 31p.

Biscuit manufacturers made headway in quietly firm Foods, United rising 8 to 98p and Fox's 4 to 40p. Modest gains were scored by Associated Dairies, 150p, and Kinloch (Provision Merchants), 116p. Geo. Bassett, however, closed a penny off at 56p despite the confident tone of the chairman's statement.

Hotels and Caterers had contrasting *movements* in J. Lyons "A," 4 better at 128p with the help of "call-option" business, and Grand Metropolitan which closed 2 cheaper at 59p, after 62p.

Rank disappoint

Rank Organisation "A" displayed initial disappointment with the lower interim profits by reacting to 133p before rallying to close a net 6 lower at 137p. *After moving narrowly in idle trading for most of the day, other* miscellaneous Industrial leaders adopted an easier stance late. Declines of 4 were registered in Glaxo, 344p, and Reed International, 211p, while Turner and Newall ended 3 off at 100p and *Unilever 2 easier at 352p, after* 356p. Reckitt and Colman, a recent prominent dull spot, staged a rally to 310p before easing to end only 3 better on balance at 300p, while Boots closed just a shade firmer at 193p, after 197p. Elsewhere, Bensons International Systems, 165p, lost 15 of the previous day's jump of 78 which followed news of the bid talks with a Swedish concern. A. Kershaw receded 22 to 690p on the interim results. BTR, however, put on 4½ to 118½p helped by talk of a possible "rights" offer on generous terms. Central Manufacturing added 1½ more to 65½p awaiting news of the bid talks with LCP. Dufay Bitumastic met support and closed 3 better at 38½p, after 42p, while similar gains occurred in Cowan de Groot "A," 58p, and Valor, 24p.

Dowty, 3 up at 99p, continued firmly following Press comment on the preliminary results. Elsewhere, Motors and Distributors were quiet and little changed. British Car Auction became an erratic market, improving to 54p before closing only a penny better on balance at 50p.

The prospect of higher newsprint prices held Newspapers in check but apart from Daily Mail "A," down 5 at 152p, the losses were minimal. In Paper/Printings, however, Inveresk were despondent after news of the first-half setback and closed 4½ lower at 49p. Elsewhere, DRG recovered 3 to 98p and Capseals were 2 better at 21p.

After rallying a little in the early trading, Property leaders slipped back "after-hours" in line with the general trend to finish barely changed on balance after another small business. Land Securities ended just a penny up at 169p, after 172p. Scattered mixed movements limited to 5 either way were recorded in secondary issues. Great Portland Estates, after the full report, closed 2 better at 207p.

Oils ease late

Confirmation of the BP/Sohio Alaska pipeline fund-raising arrangements caused hardly a stir in Oils which drifted slightly lower late with the general trend. British Petroleum ended 5 off at 517p, while Shell eased 2 to 303p, after 306p. The higher investment currency premium made no apparent impression on Royal Dutch, ½ lower at £26½, but occasional speculative interest took Tricentrol up to 66p before a close of 64p, only 1 harder on the day. Ultramar improved 2 to 184p. Among overseas issues, Sunningdale picked up 10 to 430p, but Siebens Oil (U.K.) were that much easier at 630p.

Overseas Traders displayed minor irregular movements. Inchcape shed 3 more to 363p awaiting to-morrow's preliminary figures. South African Distilleries and Wines declined 10 to 320p, but Gill and Duffus hardened 3 to 114p and Anglo-Thai 2 to 112p.

Yesterday saw the introduction of Estates House Investment Trust, into which 15 investment companies and four dealing operations of the Sir Denys Lowson investment empire have been merged; the 25p Ordinary shares opened at 185p and, after a reasonable turnover, closed at 195p. The five lines of Preference opened at prices ranging between 30p and 55p and closed little changed on balance, while the eight lines of Debentures opened and closed at prices from £47½ to £87. The 8½ per cent. Convertible Debenture opened at 357p and closed at 397p.

What little interest there was in Shippings centred around Furness Withy which reacted 12 to 238p on profit-taking after the recent rise on take-over hopes. P & O Deferred drifted down a penny to 86p.

Courtaulds suffered from the late reaction in the market majors; a shade firmer at 110p at the "house" close, the shares ran back "after-hours" to finish 4 cheaper on balance at 105p. Elsewhere in mixed Textiles, RKT gave up 3 to 37p and Textured Jersey eased 2 to 12p. Illingworth Morris, 19p, and the "A," 18p, were unmoved following the results.

Tobacco leaders also came back towards, and after, the close. Imps receded 2 to 64p and Bats (interim results due next Tuesday) ended 3 down at 302p.

Teas closed mixed after a quiet session. Ouvah Highfield hardened 2 to 28p as did Peacock Sasini to 30p but Longbourne lost that much to 62p. Rubbers were virtually ignored and closed little changed. Pataling were a shade off at 44p following the half-year figures.

Gold shares rally

A better tendency developed in South African Gold shares yesterday after the decline of the past few days. The upward movement was stimulated by scattered U.S. buying in early trading which was later joined by Continental *interest. The higher investment* dollar premium coupled with a modest recovery in the bullion price maintained the firmer trend and prices ended at the day's highest. The Gold Mines index recouped 4.2 to 341.5.

East Rand Proprietary (965p) and Durban Deep (975p) were both around 35 higher while President Steyn added a half-point at £16½. "Sallies" (485p) and Marievale (330p) were both 20 to the good.

Financials took their lead from Golds but the London-based issues were looking a little easier in late trading reflecting the downturn in U.K. Industrials. Gold Fields were 8 up at 234p after 237p. Geduld Investments put on 25 at a 1975 high of 410p reflecting the increased half-year results. *Following the similarly* improved figures UC Investments rose 20 to 505p.

Selection Trust, however, were 10 off at 580p in the wake of annual report and its indications of an eventual "rights" issue. Platinums were firmer, helped by Cape interest with Bishopsgate (108p) and Potgietersrust (233p) both 3 higher.

In a quiet Australian sector Pancontinental rallied 10 to 490p and Mid-East Minerals hardened to 25p. Pacific Copper were unaltered at 12p; the price of 44p given for the shares last Friday in connection with the latest drilling at the Cadia copper-gold prospect was that for the Canadian parent Pacific Copper Mines.

Tins were easier where changed, Saint Piran being 1 off at 12p in front of to-day's final dividend declaration. Coppers were firmer where changed in line with the further rise in the metal price. Elsewhere, Northgate added 10 at 285p.

FINANCIAL TIMES STOCK INDICES

—	July 22	July 21	July 18	July 17	July 16	July 15	A year ago
Government Secs.	60.46	60.80	60.97	61.18	61.11	61.07	56.66
Fixed Interest	61.09	60.76	60.63	60.72	60.70	60.66	55.80
Industrial Ordinary	294.3	296.6	298.9	296.8	307.9	312.7	264.4
Gold Mines	341.5	337.3	345.4	350.6	351.6	363.1	364.3
Ord. Div. Yld. %	6.87	6.84	6.79	6.81	6.59	6.49	7.80
Earnings Yld. % (full) (a)	20.04	19.94	19.81	20.29	19.64	19.34	20.05
P/E Ratio (net) (a) (b)	7.15	7.16	7.21	7.04	7.26	7.39	6.97
Dealings marked	4,223	4,697	4,348	4,628	5,063	6,178	6,354
Equity turnover £m.	—	40.44	43.66	48.37	47.46	47.74	40.34
Equity bargains total	—	12,930	11,970	14,309	13,772	14,409	10,395

10 a.m. 295.6. 11 a.m. 298.4. Noon 297.8. 1 p.m. 298.3. 2 p.m. 298.5. 3 p.m. 298.8.
Latest Index [illegible].
(a) Based on 52 per cent. corporation tax. (b) Nil=7.89.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. S.E. Activity July-Dec. 1942.

HIGHS AND LOWS

—	1975 High	1975 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	62.34 (20/6)	48.18 (3/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	62.31 (21/3)	50.63 (3/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	365.5 (5/6)	146.0 (6/1)	543.6 (19/5/72)	49.4 (26/6/40)
Gold Mines	442.3 (22/5)	280.8 (20/1)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

—	July 22	July 21
Daily—		
Gilt-Edged	135.9	158.9
Industrials	153.1	149.5
Speculative	58.4	42.2
Totals	96.1	106.9
5-day Av'ge		
Gilt-Edged	149.4	148.0
Industrials	161.3	160.8
Speculative	[illegible]	48.2
Totals	104.9	109.2

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Tuesday, July 22, 1975 (Index No.; Day's Change %; Est. Earnings Yield % (Max.) (Corp. Tax 52%); Gross Div. Yield % (ACT at 35%); Est. P/E Ratio (Max.) (Corp. Tax 52%); Est. P/E Ratio (Nil) (Corp. Tax 52%)); Monday July 21; Friday July 18; Thurs. July 17; Wed. July 16; Year ago (approx.); Highs and Lows Index (1975 High, Low; Since Compilation High, Low)
1 CAPITAL GOODS (181)	[illegible]
2 Building Materials (30)	[illegible]
3 Contracting, Construction (23)	[illegible]
4 Electricals (17)	[illegible]
5 Engineering (Heavy) (13)	[illegible]
6 Engineering (General) (68)	[illegible]
7 Machine and Other Tools (9)	[illegible]
8 Miscellaneous (23)	[illegible]
11 CONSUMER GOODS (DURABLE) (59)	[illegible]
12 Electronics, Radio TV etc. (16)	[illegible]
13 Household Goods (15)	[illegible]
14 Motors and Distributors (27)	[illegible]
21 CONSUMER GOODS (NON-DURABLE) (167)	[illegible]
22 Breweries (16)	[illegible]
23 Wines and Spirits (7)	[illegible]
24 Entertainment, Catering (16)	[illegible]
25 Food Manufacturing (22)	[illegible]
26 Food Retailing (16)	[illegible]
32 Newspapers, Publishing (15)	[illegible]
33 Packaging and Paper (13)	[illegible]
34 Stores (30)	[illegible]
35 Textiles (13)	[illegible]
36 Tobacco (3)	[illegible]
37 Toys and Games (6)	[illegible]
41 OTHER GROUPS (92)	[illegible]
42 Chemicals (24)	[illegible]
44 Office Equipment (10)	[illegible]
45 Shipping (12)	[illegible]
46 Miscellaneous (46)	[illegible]
49 INDUSTRIAL GROUP (498)	[illegible]
50 OILS (4)	[illegible]
51 500 SHARE INDEX	[illegible]
52 FINANCIAL GROUP (100)	[illegible]
53 Banks (6)	[illegible]
54 Discount Houses (9)	[illegible]
55 Hire Purchase (5)	[illegible]
56 Insurance (Life) (9)	[illegible]
57 Insurance (Composite) (7)	[illegible]
58 Insurance (Brokers) (8)	[illegible]
59 Merchant Banks (19)	[illegible]
60 Property (22)	[illegible]
61 Miscellaneous (5)	[illegible]
71 Investment Trusts (50)	[illegible]
43 ALL-SHARE INDEX (658)	[illegible]
COMMODITY GROUPS (Not included in 500 or All-Share indices)	
44 Rubbers (10)	[illegible]
45 Teas (10)	[illegible]
46 Coppers (3)	[illegible]
47 Mining Finance (11)	[illegible]
48 Tins (8)	[illegible]
49 Overseas Traders (13)	[illegible]

FIXED INTEREST	Tuesday, July 22 (Index No.; Yield %)	Monday July 21; Friday July 18; Thurs. July 17; Wed. July 16; Tuesday July 15; Monday July 14; Friday July 11; Year ago (approx.); 1975 High, Low; Since Compilation High, Low
1 Consols 2½% yield	[illegible]	[illegible]
2 20-yr. Govt. Stocks (8)	[illegible]	[illegible]
3 20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]
4 Investment Trusts Prefs. (15)	[illegible]	[illegible]
5 Coml. and Indl. Prefs. (20)	[illegible]	[illegible]

[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1975 high	1975 low
ICI	£1	13	250	− 2	303	118
Metal Box 'New'	Nil/pd.	12	13*	—	25*	9*
Tate & Lyle 'New'	Nil/pd.	12	18*	+ 1	21*	10*
Rank Org. 'A'	25p	11	137	− 6	205	78
Marks & Spencer	25p	9	98	− 7	128	47½
BATS	25p	8	302	− 3	338	164
BP	£1	8	517	− 5	555	190
Midland Bank	£1	8	242	+ 2	305	122
Shell Transport	25p	8	303	− 3	343	118
Central Manuftg.	10p	7	65½	+ 1½	70	20
Distillers	50p	7	111	− 1	150	65½
Estates House Inv.	25p	7	195	—	195	185
Legal & Gen. 'New'	Nil/pd.	7	8*	—	32*	5*
Nat. Westminster	£1	7	210	—	275	88
Commercial Un.	25p	6	145	+ 1	194	72

The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).
* Premium.

Option Report—3-month Call rates

OPTION DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 22	Aug. 4	Oct. 16	Oct. 28
Aug. 5	Aug. 18	Oct. 30	Nov. 11
Aug. 19	Sep. 1	Nov. 11	Nov. 25

"Calls" were dealt in Lonrho, Dunlop, Town and Commercial, Silvermines, J. Lyons 'A' and House of Fraser. A "put" was done in Charterhall Finance, while "doubles" were arranged in Town and City, Town and Commercial, Tricentrol, Dunlop, Courtaulds, National Westminster Bank, J. Lyons 'A', Charterhall Finance, Lonrho and House of Fraser.

Industrials						Mines	
A. P. Cement	20	Grand Met.	9	Slater Walker	15	Anglo Amer.	50
Assoc. Leisure	3	G.U.S. 'A'	20	Spillers	7	Broken Hill Prp	75
Barclays Bank	35	Guardian	20	Tesco	6	Charter Cons.	22
Beecham	26	G.K.N.	28	Thorn "A"	20	Chart'rh'll Fin.	8
Boots Drug	24	Hawker Sidd.	30	Tube Invest.	[illegible]	Cons Gold	[illegible]
Bowaters	20	House of Fraser	10	Unilever	[illegible]	De Beers Def.	25
B.A.T.	[illegible]	Hodson (Wlm)	5	Utd. Drapery	12	F. S. Geduld	350
British Leyland	1½	I.C.I.	[illegible]	Vickers	16	Great Boulder	12
[illegible]		"Imps"	7	Woolworths	6	Rio T. Zinc	20
[illegible]		I.C.L.	7			Welkom	65
E.M.I.	20	P & O Dfd.	15	Oils		West Areas	[illegible]
First National	3	Plessey	10	Brit. Petroleum	45	Western M'ng	15
G.R.A. Trust	7	R.H.M.	7	Burmah Oil	6	Zambia Copp.	10
Gen. Accident	16	Rank Org. 'A'	25	Shell	30		
Gen. Electric	14	Reed Int'l	28	Ultramar	21		
Glaxo	40						

NEW "HIGHS" AND "LOWS" FOR 1975

The following securities (numbers in parentheses) among those quoted in the Share Information Service yesterday attained new "highs" and "lows" for 1975.

NEW HIGHS (19)

[illegible]

NEW LOWS (6)

[illegible]

RISES AND FALLS YESTERDAY

	Up	Down	Same
Oils	9	8	15
Plantations	2	7	39
Mines	64	12	72
Rights and Recents	12	17	43
Totals	477	361	1,356

MONEY MARKET

Concern over interest rates

Bank of England Minimum Lending Rate 10 per cent. (since May 2, 1975)

Credit continued to be in very short supply in the London money market yesterday. The authorities helped again by lending an exceptionally large amount to nine or ten Discount houses at Minimum Lending Rate. This took the form of overnight loans but mostly on a seven-day basis and was seen in some quarters as an indication of the authorities' concern over the differentials between U.K. interest rates and those abroad, particularly in the U.S. It may also be a signal that the Bank of England would like to see an increase in Minimum *Lending Rate.*

The banks carried over full balances but this was offset by: the repayment of yesterday's advances by the authorities, a rise in the note circulation, a net take up of Treasury bills, an excess of revenue transfers to the Exchequer over Government disbursements, Commercial and Local Authority bill maturities and settlements of small gilt-edged sales. Discount houses paid around 9½ per cent. for secured call loans at the start. Rates eased during the day to close at 8¾-9½ per cent. In the inter-bank *market over-night loans* were between 8-9½ per cent. and touched 10 per cent. in places.

Short-term interest rates were much firmer, the one-month Sterling certificate yield rising to 9½-9⅝ from 9½-9¾ per cent., the two-month 9½-9¾ per cent., from 9¾-9⅞ per cent., the three-month 9⅞-9¾ from 9¾-9⅞ per cent., and the one-year 10⅝-10⅞ against 10½-10¾ per cent.

Rates in the table below are nominal in some cases.

July 22 1975	Sterling Certificates of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance house deposits	Company deposits	Discount market deposits	Treasury bills ф	Bank bills ф	Fine trade bills ф
Overnight	—	8-10	—	—	—	9½-10¾	8¾-10	—	—	—
2 days notice	—	—	9½-10	—	—	—	—	—	—	—
†7 days or 7 days notice	—	9⅞-10	9⅞-10	—	—	—	9½-10	—	—	—
One month	9½-9⅝	9⅞-10	9½-9⅝	10¼-9¾	10¼-10¾	—	9¼	9⅜-9⅝	9¾-10¼	9⅝-10¾
Two months	9½-9¾	9⅝-9⅞	—	10¼-9¾	10¼-10¾	—	9⅜	9⅜-9¾	9¾-10¼	9¾-10¾
Three months	9⅞-9¾	9⅞-10	9⅝-9⅞	10¼-9⅞	10½-10¾	—	9½	9½-9¾	9¾-10¼	9⅞-10¾
Six months	10⅛-9⅞	9⅞-10¼	10-10⅛	10¼-9¾	10¾-11	—	—	—	9⅞-10⅜	10⅝-11¼
Nine months	10⅜-10¼	10¼-10⅛	—	11-10⅛	—	—	—	—	—	—
One year	10⅝-10⅞	10⅜-10⅞	11¼-11⅜	11-10¾	—	—	—	—	—	—
Two years	—	11⅛-11⅜	12¼-12⅜	—	—	—	—	—	—	—

† Local Authority and finance houses seven days' notice; others seven days' fixed. * Long-term local authority mortgage rate nominally three years 13½-13⅞ per cent.; four years 13¾-13⅞ per cent.; five years 13¾-14 per cent. ф Bank bill rates in table are buying rates for prime paper; buying rates four-month bank bills 9¾-10¼ per cent. and four-month trade bills 10½-11 per cent. Approximate selling rates for one-month Treasury bill 9⅜-9½ per cent.; two-month 9½-9 11/32 per cent.; three-month 9½-9⅞ per cent. Approximate selling rates for one-month bank bills 9¾-9⅞ per cent.; two-month 9¾-9⅞ per cent.; and three-month 9⅞-9⅞ per cent.; for one-month trade bills 9¾-10½ per cent.; two-month 9¾-10½ per cent.; and three-month 9¾-10½ per cent.
Finance House Base Rate (published by the Finance Houses Association): 10½ per cent. from May 1. Clearing Bank Deposit Rates for small sums at seven days' notice 6½ per cent. Clearing Banks Base Rates for lending 9½ per cent. Treasury Bills: Average tender rate of discount 9.4488 per cent.

BASE LENDING RATES

A.F.I. International	9½%
Allied Irish Banks Ltd.	9½%
Anglo-Portuguese Bank	10 %
Henry Ansbacher	10½%
Banco de Bilbao	9½%
Banco de Jerez	10½%
Bank of Cyprus	‡10 %
Banque du Rhone S.A.	10 %
Barclays Bank	9½%
Barnett, Christie Ltd.	11 %
Bremar Holdings Ltd.	10½%
Brit. Bank of Mid. East	9½%
■ Brown Shipley	10 %
Cayzer, Bowater Co. Ltd.	10½%
Cedar Holdings	10 %
■ Charterhouse Japhet	10 %
C. E. Coates	10½%
Consolidated Credits	12 %
Continental Trade Bk.	9½%
Co-operative Bank	*9½%
Copleys Bank	11½%
Corinthian Securities	9½%
Credit Lyonnais	9½%
G. R. Dawes	10½%
Duboff Brothers	11½%
Duncan Lawrie	10½%
English Transcont.	11½%
First London Secs.	9½%
■ Antony Gibbs	10 %
Goode Durrant Trust	10 %
Greyhound Guaranty	9½%
Grindlays Bank	10 %
■ Guinness Mahon	9½%
■ Hambros Bank	9½%
Hawtin & Partners	13 %
■ Hill Samuel	§10 %
C. Hoare & Co.	†9½%
Julian S. Hodge	10½%
Industrial Bank of Scot.	9½%
Jacobs, Kroll	11½%
Keyser Ullmann	10½%
Kinghurst Securities	12 %
Knowsley & Co. Ltd.	11½%
Lloyds Bank	9½%
London & European	11½%
London Mercantile	11½%
Midland Bank	9½%
■ Samuel Montagu	9½%
■ Morgan Grenfell	9½%
National Westminster	9½%
Northern Comm. Trust	10½%
Norwich General Trust	10 %
Portman Guaranty	11 %
P. S. Refson & Co.	9½%
Rossminster Accept'cs.	9½%
Royal Trust of Canada	10½%
Schlesinger Limited	10½%
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11½%
Standard & Chartered	9½%
Sterling Credit	12 %
Stewart Salmon & Co.	9½%
Thames Guaranty	11 %
Trade Dvlopmnt. Bk.	9½%
Twentieth Century Bk.	11½%
United Bank of Kuwait	9½%
Wallace Brothers Bank	10½%
Whiteaway Laidlaw	10 %
Williams and Glyn's	9½%
Yorkshire Bank	9½%

■ Members of the Accepting Houses Committee.
* 7-day deposits 6½%, 1-month deposits 6½%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 6¾% and over £25,000 7¼%.
‡ Deposit Base Rate [illegible].
§ Demand deposit 7¼%.

I.G. INDEX: GOLD 164-167

CORAL INDEX: Close 290-295

INSURANCE BASE RATES

† Atlantic Assurance	11½%
Cannon Assurance	8½%

† Address shown under Insurance and Property Bond table.

AUTHORISED UNIT TRUSTS

Abacus Arbuthnot Ltd.♥ (a)(g)
80, Fountain St., M/C. 061-236 9775/6

Giants	27.8	29.6xd	......	4.00
Giants Accum	30.1	32.0	......	4.00
Growth Units	24.8	26.6xd	......	4.50
Growth Accum	27.1	28.9	......	4.50
Income Units	25.2	27.4xd	......	8.20
Income Acc.Uts	29.2	31.4	......	8.20
Eurt. & Intl. Acc	19.3	20.3	......	2.70

Abbey Unit Tst. Mgrs. Ltd.♥(a)(g)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Abbey Capital	28.9	20.0	+0.2	4.65
Abbey Income	21.5	22.8	+0.1	6.29
Abbey Inv. Tst. Fd.	24.2	25.7	−0.1	3.97
Abbey Gen. Tst	29.2	31.0xd	+0.3	4.54

Allied Hambro Group♥ (a)(b)
Hambro Hse., Hutton, Brentwood, Essex
01-588 2851 or Billericay (02774) 53169

Allied 1st	45.3	48.4	+0.2	5.52
Brit. Ind. 2nd	43.9	46.9	+0.2	6.35
Growth & Inc. Tst.	25.2	25.9xd	+0.1	6.09
Elect. & Ind. Dev.	20.7	22.1	+0.1	6.41
Met. Min. & C'dty	33.8	36.1	......	5.79
Allied Capital Tst.	47.0	50.2	+0.1	5.82
High Income	39.7	42.5	−0.1	7.07
Equity Income	23.4	25.1xd	+0.1	7.88
International	22.5	24.1	......	2.15
High Yield Fund	35.1	37.5	......	10.80
H. Fund	69.2	73.9	+0.4	6.01
H. Income Fund	33.2	35.5	+0.1	8.06
H. Recovery	69.8	74.6	+0.4	8.75
H. Smaller Co's	14.2	15.2xd	......	8.33
2nd Smaller Co's	18.8	20.1	......	8.38
H. Accum. Fund	18.6	19.8	......	5.11
Secs. of America	43.1	46.1	−0.1	2.98
H. Exempt July 1	115.5	123.1	......	6.57

Archway Unit Tst. Mgs. Ltd.♥ (a)(c)
34, St. Mary Axe, E.C.3. 01-283 4141

Archway Cap. Fund	82.4	87.7	......	4.21
Archway Inc. Fd.	117.3	124.8	......	6.39

*Prices at July 16. Next sub. day Aug. 20.

Barclays Unicorn Ltd.♥ (a)(g)
Unicorn Hse., 252 Romford Rd., E7 01-534 5521
35, Castle St., Edinburgh, EH2 031-226 5013

Unicorn America	29.6	31.7	−0.2	2.25
Do. Aust. Acc.	55.9	60.4	−0.7	2.61
Do. Aust. Inc.	46.7	50.4	+0.5	2.61
Do. Capital	47.8	51.7	+0.3	4.62
Do. Exempt Tst.	54.6	56.9	−0.2	7.40
Do. Extra Income	17.3	18.4	......	9.71
Do. Financial	43.8	47.4	......	4.36
Do. 500	41.0	43.9	......	7.14
Do. General	20.8	22.5	+0.1	6.59
Do. Growth Acc.	25.0	27.0	−0.1	5.04
Do. Income Tst.	48.4	51.5	+0.1	7.76
*Do. Prf.A'ns.Tst.	75.7	78.7	......	5.98
Do. Recovery	22.1	23.6	+0.1	5.44
Do. Trustee Fund	72.9	77.6xd	+0.5	5.96
Do. W'idwide Tst	44.5	47.6xd	+0.2	2.87

Prices at June 30. Next sub. day July 31.

*Bist. Inv. Fd. Inc.	123.1	128.9	......	6.12
*Do. Accum.	125.7	129.6	......	6.12

Prices at July 18. Next sub day July 25

Baring Brothers & Co. Ltd.♥ (a)(x)
88, Leadenhall St., E.C.3. 01-588 2830

Stratton Tst	140.4	146.2	......	5.30
Do. Accum.	160.0	166.8	......	5.30

Next sub. day July 23.

Bishopsgate Progressive Mgmt. Co.♥
9, Bishopsgate, E.C.2. 01-588 6280

B'gate Pro.* Jly. 22.	110.2	117.4	−0.5	3.24
Ac'm Uts.* July 8	122.3	130.3	−0.4	3.24
B'gate Int. †July 15.	108.5	115.6	......	2.50
Acm. Uts. †July 15	113.2	120.6	......	2.50

Next sub. day *Aug. 5. †July 29.

Brandts Ltd.♥
36, Fenchurch St., E.C.3. 01-626 6599

Brandts Cap	109.0	115.0	......	2.00
Do. Accum.	117.0	124.0	......	1.98
♦Brandts Inc.	97.0	104.0xd	......	8.45

Next sub. day July 24.

Bridge Talisman Fd. Mgrs.♥ (a)(c)
5-8, Mincing Lane, E.C.3. 01-623 4951

BT Income	158.0	169.0	−1.0	8.97
BT Capital Inc	25.0	26.7	......	2.45
BT Capital Acc.	25.3	27.0	......	2.45
BT Exempt	77.8	82.0xd	......	6.53
BT Intl. Inc.	12.4	13.7	......	4.79
♦BT Inter'l Acc.	12.9	13.8	......	4.79

Prices on July 22. Next sub. day July 29.

The British Life Office Ltd.♥ (a)
Reliance Hse., Tunbridge Wells, Kt. 0892 22271

BL British Life	35.8	37.5	+0.1	5.89
BL Balanced*	27.1	28.7	−0.7	6.67
BL Capital*	28.4	30.1	−1.0	4.51
BL Dividend*	25.2	26.7	−0.5	9.15

*Prices on July 23. Next dealing July 30.

Brown Shipley & Co. Ltd.♥ (x)(c)
Brown Shipley & Co. Ltd. (x) (c)

Brown Shipley	142.0	147.0	......	6.30
Accum Units	161.5	166.5	......	6.30

*Prices on July 22. Next sub. day July 29

Canada Life Unit Tst. Mngrs. Ltd.♥
2-6 High St., Potters Bar, Herts P. Bar 51122

Can. Life Gen. Dist.	24.6	25.9xd	+0.3	4.77
Do. Gen. Accum	27.7	29.1	+0.3	4.77
Do. Inc. Dist.	23.3	24.6	+0.4	8.81
Do Inc. Accum.	26.0	27.3	+0.3	8.81

Capel (James) Mngt. Ltd.♥
100, Old Broad St., EC2N 1BQ. 01-588 6010.

Capital	50.0	50.0	......	4.75
Income	50.0	50.0	......	8.00

Carliol Unit Fd. Mgrs. Ltd.♥ (a)(c)
Milburn Hse., Newcastle-upon-Tyne 21165

Carliol	55.7	58.2	......	3.59
Do. Accum. Units	61.2	63.7	......	3.59
Do. High Yield	24.0	26.0	......	10.26

Next dealing day July 30.

Charterhouse Japhet♥
1, Paternoster Row, EC4. 01-248 3999

C.J. Internat'l	20.2	21.6	......	2.30
Accum. Units	22.0	23.6	......	2.30
C.J. Income	26.0	27.5	......	8.92
C.J. Euro Fin.	24.8	26.4	......	2.43
Accum. Units	26.2	28.0	......	2.43
C.J. Fd. Inv. Tst	22.6	24.2	......	3.68
Accum. Units	24.2	25.8	......	3.68

Prices on June 11. Next dealing June 18.

Confederation Funds Mgt. Ltd.♥ (a)
120 Regent St., W1R 6AY. 01-437 8040

Growth Fund	21.8	22.9	......	5.88

Cosmopolitan Fund Managers.
47/57 Gresham St., EC2V 7EP. 01-600 4747/8.

Cosmopoln. Gth. Fd.	15.6	16.8	......	4.01

Coyne Investment Mgmt. Ltd.
72-80, Gatehouse Rd., Aylesbury. 0296 5941

Coyne Growth	20.9	22.0	−0.3	5.72

The Crescent Group♥ (a)(g)
Crescent Unit Tst. Mgrs. Ltd.
4, Melville Cres., Edinburgh 3. 031-226 4931
81, Fountain St., Manchester. 061-236 5685

Crescent Growth	16.6	17.6	......	5.43
Cres. Internat'l.	37.9	40.6	−0.5	2.17
Cres. High. Dist.	32.2	33.9	+0.1	7.66
Cres. Reserves	26.2	28.3	+0.1	4.96

Discretionary Unit Fund Managers
22, Blomfield St., EC2M 7AL. 01-638 4485

Disc'y July 11	75.4	80.6	......	8.11
Do 'A' Accum	92.9	97.4	......	8.11

Drayton Unit Tst. Managers Ltd.
Individual House, 43-45, South Street, Eastbourne, BN21. 0323 36711

Com. & Gen.	50.8	54.8	−0.6	5.84
Growth	28.8	30.7	+0.3	3.80
Cap.	21.3	22.7	−0.1	3.39
Income	30.9	32.9	+0.1	7.40
Intern.	40.9	43.5	+0.1	2.27

Equitas Secs., Ltd. (a)(b)
41, Bishopsgate, EC2. 01-588 2851

Progressive	43.3	45.7	......	4.66

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	41.9	44.1	+0.3	4.75

Framlington Unit Mgt. Ltd.♥
5-7, Ireland Yard, EC4B 5BH. 01-248 6071

Capital Tst	44.4	47.2	......	3.50
Income Tst.	42.0	44.6	......	7.55

Friends' Provdt. Unit Tr. Mgrs♥
7, Leadenhall Street, E.C.3. 01-626 4511

Friends Tst. Uts.	24.0	25.6	+0.1	4.97
Do. Accum.	27.8	29.7	+0.2	4.97

G.T. Unit Managers Ltd.♥
16, St. Martins-le-Grand, EC2. 01-600 9461

G.T. Cap. Inc	53.7	57.1	......	3.70
Do. Acc.	60.3	64.2	......	3.70
G.T. Inc. Fd. Un.	92.9	98.8	......	7.08
G.T. U.S. & Gen	145.9	155.2	......	1.00
G.T. Japan & Gen.	148.0	157.4	......	1.00
♦Gt. Pens.Ex.Fd.	93.8	98.4	......	3.00

G. & A. Un. Tst. Mgrs. Ltd.♥ (a)(b)
5, Rayleigh Rd., Brentwood. (0277) 227300

G. & A.	21.1	22.4	+0.1	5.78

Gartmore Fund Managers♥
2, St. Mary Axe, EC3A 8BP. 01-283 3531

British Trust	30.0	32.3	+0.3	4.45
High Income Tst.	27.8	29.9	......	12.32
(Z)Overseas Tst.	25.2	27.1	+0.2	1.61

[illegible]

INSURANCE, PROPERTY, BONDS

[illegible]

REGIONAL MARKETS

Following the merger last year of U.K. stock exchanges, a selection of the share prices previously shown under regional headings is presented below with quotations on London. Irish issues, most of which are not officially listed in London, are shown separately and with prices as on the Irish exchange.

Albany Inv. 20p	14	......	Craig Ship. £1	438	......	Shiloh Spinn.	23	+1
Ash Spinning	37	......	Hallam Sleigh 10p	7½	......	Sindall (Wm.)	43	......
Bertam	18	......	Higsons Brew.	83	......			
Brady (G.) 'A'	47	......	I.O.M. Stm. £1	120	......	IRISH		
Bdg'wtr. Est. 50p	128	......	Holt (Jos.) 25p	185	......			
Clover Croft	35	......	Kleen-e-Ze	24	......	Alliance Gas (£1)	59	......
Craig & Rose £1	310	......	Lovell's Ship £1	130	......	Carroll (P. J.)	109	......
Dyson (R.A.)	30	......	N'thn. Goldsmith	82	......	Clondalkin	49	......
Ellis & McHdy.	57	......	P.M.A.	35	......	Concrete Prods.	55	......
Evans F'r'k 10p.	36	......	Pearce (C. H.)	60	......	Goodbody (£1)	38	......
Evered	15	−1	Peel Mills	16	......	Helton (Hldgs.)	30	......
Fife Forge	47	......	Richards 10p	8½	......	Irish Distillers	62	......
Finlay Pkg. 5p	16	......	RobbCaledon5p.	29	......	Irish Wire	40	......
Frost & Reed 50p	88	......	Sayers 12½p	6	......	Jacob	50	......
Gardiner & Sons	11	......	Sheffield Brick	68	......	Sunbeam	11	......
Gardner (J.)	61	......	Shefl. Refrshmt.	145	......	Unidare	65	......

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1975 High	Low	Stock	£	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
99⅝	94⅜	Exch.5½pc 1976‡‡	98	−⅛	6.63	9.88
97¾	92⅞	Treasury 6½pc 1976‡‡	97xd	−¼	6.70	9.53
99	97	Victory 4pc 1976‡‡	99	......	4.08	—
102	96⅞	Treasury 10½pc 1976‡‡	99¾	−⅜	10.53	10.64
95	88⅞	Treasury 6¼pc 1977‡‡	93¾	−⅜	6.67	10.38
94⅛	86¾	Electric 3pc 74-77	93¼	−½	3.22	7.42
103⅜	96⅞	Treasury 11½pc '77‡‡	100¾	−⅝	11.41	11.05
88⅜	84	Treasury 3pc '77‡‡	87⅝	−⅜	3.42	9.03
90⅜	84⅜	Transport 4pc '72-77	89¼	−½	4.48	9.04
96⅞	90½	Treasury 9pc 1978‡‡	94	−1⅛	9.57	11.65
100⅞	96⅝	Treasury 10¼pc '78‡‡	97¼	−1⅛	10.80	11.61
87⅞	79	Exchequer 5pc '76-78‡‡	85¼	−¾	5.87	10.56
103	94⅞	Treasury 11½pc '79‡‡	99	−1⅛	11.62	11.78
79⅜	71⅞	Treasury 3pc '79‡‡	77⅞	−½	3.85	9.55
83	73⅞	Electric 4¼pc '74-79	79¾	−⅝	5.33	10.39
100⅞	96	Treasury 10½pc '79‡‡	96½	−1⅛	10.88	11.49
79⅜	71	Electric 3½pc '76-79	78⅝	−⅝	4.45	9.65
95	84	Treasury 9pc 1980‡‡	91⅛	−1	9.88	11.53
95⅞	90¼	Treasury 9½pc '80‡‡	94¼	−¼	10.08	11.07
79	68¼	Treasury 3½pc '77-80	76⅛	−¼	4.59	9.69
84½	71	Funding 5¼pc '78-80‡‡	80½	−¾	6.52	10.41
		Five to Fifteen Years				
75½	66⅛	Treasury 3½pc '79-81	74¼	−¼	4.70	9.51
91½	72⅞	Do 8½pc '80-82‡‡	86⅜	−¼	9.86	11.57
104⅝	86⅝	Treasury 12pc 1983‡‡	103¼	−¼	12.12	12.17
78	58	Funding 5½pc '82-84‡‡	74¼xd	−¼	7.42	10.11
85⅛	61⅞	Treasury 8¼pc '84-86‡‡	81⅝	−¼	10.45	11.54
73¼	51⅞	Funding 6½pc '85-87‡‡	71	−¼	9.35	11.21
76⅛	53	Treasury 7¾pc '85-88‡‡	72⅜	−¼	10.70	12.87
47⅛	32⅞	Transport 3pc '78-88	46½	−¼	6.48	10.79
56¼	39¼	Treasury 5pc '86-89	55⅝	−¼	9.21	11.65
		Over Fifteen Years				
75½	53⅛	Treasury 8¼pc '87-90‡‡	71⅝	−¼	11.66	12.65
57	41⅞	Funding 5¾pc '87-91‡‡	56⅜	−¼	10.52	12.35
97½	85⅞	Treasury 12½pc '93‡‡	91½	−¼	13.71	13.83
55	40½	Funding 6pc 1993‡‡	54⅜	−¼	11.48	12.84
75¼	54⅛	Treasury 9pc '94‡‡	69⅝	−¼	13.24	13.75
34⅞	24⅜	Gas 3pc '90-95	33⅝	−¼	9.11	11.85
102	75	Treasury 12¾pc '95‡‡	93⅝	−¼	13.98	14.04
71⅛	54⅞	Treasury 9pc '92-96‡‡	70⅛	−¼	13.45	13.89
33¼	26½	Redp. 3pc 1986-96	32¾	−¼	9.43	11.84

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS (Miscel.)

FOREIGN BONDS & RAILS

U.S. $ DM Prices exclude inv. $ premium

AMERICANS

S.E. List Premium 59⅝% (based on $2.1840 per £)

CANADIANS

S.E. List Premium 59⅝% (based on $2.2286 per £)
Conversion factor 0.6282 (0.6352)

††BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER & ROADS

BUILDING INDUSTRY—Continued

CHEMICALS, PLASTICS

CINEMAS, THEATRES AND TV

DRAPERY AND STORES

DRAPERY AND STORES—Continued

ELECTRICAL AND RADIO

ENGINEERING, MACHINE TOOLS

ENGINEERING—Cont.

FOOD, GROCERIES, ETC.

HOTELS & CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INDUSTRIALS—Continued

††INSURANCE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPBUILDERS, REPAIRERS

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS—Continued

Finance, Land, Etc.

OILS

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

CENTRAL RAND

EASTERN RAND

FAR WEST RAND

O.F.S.

FINANCE

DIAMOND AND PLATINUM

CENTRAL AFRICAN

AUSTRALIAN

TINS

COPPER

MISCELLANEOUS

High	Low	Stock	Price	+ or −	Div Net	Cvr	Y'ld Gr's
65	17	Charterhall 5p	60½	−1½	—	—	—
115	75	Colby Mines $1	75#	.....	—	—	—
760	360	Cons. Murch. 10c	670	.....	‡Q130c	2.2	‡
53½	29½	Lourenia	44½	+1	—	—	—
19	12	NRD $1	13	.....	—	—	—
375	200	Northgate C$1	295	+10	Q65c	1.0	9.5
211	80	R.T.Z.	176	+2	19.9	4.4	4.4
135	47½	Sabina Inds. C$1	70½	−1½	—	—	—
81	51	Stanford Mines $1	81	+1	—	—	—
£12½	875	Tara Expln. $1	£10⅝	+⅜	—	—	—
78	38	Yukon Cons C$1	67	.....	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/E's are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields, assuming maintenance of net dividends on current rate of ACT, are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ◆ Figures or report awaited.
- †† Banks and Insurance: reserve allocations may preclude calculation of dividend cover.
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ◆ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ◆ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Based on 1973 profits.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ‡ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ◆ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment.

A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. M Figures based on prospectus or other official estimates for 1974-75. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

"Recent Issues" and "Rights" Page 19

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FINANCIAL TIMES

Wednesday July 23 1975

Methven refers pet foods to Monopolies Commission

BY SANDY McLACHLAN

THE SUPPLY of dog and cat foods has been referred to the Monopolies Commission by Mr. John Methven, Director-General of Fair Trading. This brings to 11 the total number of references before the Commission and takes monpoly investigation into an entirely new field.

The Office of Fair Trading made it clear yesterday that the reference covers food specifically manufactured for consumption by dogs and cats and excludes raw meat and offal purchased direct from butchers or petshops, and pet foods for other household pets.

The main suppliers in the markets to be examined are Pedigree Petfoods (a Mars subsidiary) and Spillers, who between them have 90 per cent. of the trade, according to the OFT. The other two companies specifically mentioned are Quaker Oats and Carnation Fods.

The prepared pet food market has been a growth area since the middle of the 1960s and total sales in the current year are likely to total about £240m., according to Pedigree — the market leader in the field. The OFT calculates that the reference covers a market valued at about £180m.

Advertising

It appears the two main reasons for the reference are the high level of advertising expenditure—often concentrated on *specific brands*—and the possibility that companies in the market may be earning high returns on capital and sales. It is feared that the weight of advertising expenditure, which industry estimates put at around £5m. a year, may be a factor in preventing new entrants into the field of prepared pet foods OFT sources also estimate that at least one of the four companies mentioned in the reference appears to be obtaining unusually high returns.

The reference has not been occasioned by outside complaints about the operations of the pet food manufacturers, but has been thrown up by the OFT's own sifting process. The decision to make this particular reference now is partly a policy decision on the part of the Director-General and his staff.

The OFT is clearly anxious that investigations by the Commission should cover as wide a field and as many types of situation as possible. The last major reference was in heavy industry —insulated electrical wire and cables—and it is seen as a good tactical move to bring another consumer-related product into the net of Commission scrutiny.

Predictably, the companies inolved reacted unfavourably to the announcement. Spillers is already involved in one Commission inquiry (bread) while Quaker was involved in a previous inquiry into breakfast cereals. A Pedigree spokesman commented that "the industry has consistently operated within the public interest."

The pet foods market Page 11

NatWest makes £18m bad debts provision

BY MICHAEL BLANDEN

FURTHER heavy special provisions, mainly against property loans, have cut National Westminster Bank's profits to £53.33m. before tax in the first half of this year, a drop of nearly £33m. from the same period of last year.

The provisions, totalling £18m., come on top of similar extra provisions against bad debts of £45m. during the previous year as a whole. Sir John Prideaux, chairman, yesterday said he was "disappointed" that it had been necessary to put aside further sums when it had been hoped at the end of last year that the bank had covered the possible losses.

The bank's profits as a result were rather lower than many stockbrokers' estimates, but had little effect in the market. NatWest shares closed unchanged at 210p, after dropping to 205p immediately after the news. Shares of the other big three banks, due to produce results later this week and next week, were each 2p higher at the close.

Depressed

A total of £8m. of the provisions was accounted for by the Lombard North Central instalment credit subsidiary, which has already announced the need to set this aside mainly against its loans in the property sector.

The rest, NatWest explained, reflected the depressed state of the U.K. economy and particularly the failure of the property sector—where the bank is relatively heavily committed—to show any real recovery.

Provisions have been made both to cover potential losses on loans and in some cases to take account of interest payments due but which had been added to the amounts outstanding. There was no further impact of the "lifeboat" support scheme for secondary banks.

The results, however, show a substantial improvement from the second half of last year. Even before special provisions, profits were £71.52m. compared with £63.22m. in the second half of 1974, when £30m. of additional provisions were made to cut pretax profits to £34.13m.

Commenting on the results, the bank pointed to the lower growth in deposits and advances and the rise in costs; the results for the full year were "likely to be lower than for 1974."

Results Page 19

FRENCH EDITOR'S HOME BOMBED

PARIS, July 22.

A BOMB exploded outside the Paris apartment of the editor of the independent newspaper Le Monde early to-day, causing serious damage, but no one was hurt.

The editor, M. Jacques Fauvet, was not at home when the bomb went off. Le Monde said in to-day's edition that he had received several threats in the past and a bomb had been planted outside his house in 1962.

Reuter.

Weather

U.K. TO-DAY

Cloudy with periods of rain in Central and Southern England. Brighter and mainly dry weather will spread into Northern districts later. Temperatures near normal.

London, S.E., Cent. S., E. England, E. Anglia, Midlands, Channel Is.

Cloudy, rain or drizzle. Bright intervals. Wind W., fresh or strong. Normal. Max. 21C (70F).

S.W. England, S. Wales

Cloudy, rain or drizzle. Hill and coastal fog. Wind W., fresh or strong. Normal. Max. 19C (66F).

N. Wales, N.W., Cent. N., N.E. England, Lakes, Is. of Man, N. Ireland

Cloudy with rain at first. Sunny intervals later. Wind, S.W., fresh or strong, veering N.W. Normal. Max. 18C (64F).

Borders, Edinburgh, Dundee, Aberdeen, Moray Firth

Sunny with showers. Wind S.W., moderate or fresh. Normal. Max. 19C (66F).

S.W., N.E., N.W. Scotland, Glasgow, Cent. Highlands, Argyll

Sunny with showers. Wind W., fresh or strong. Normal. Max. 16C (61F).

Orkney, Shetland

Sunny with showers. Wind S.W., fresh. Normal. Max. 14C (57F).

Outlook: Showers, heavy in places. Sunny intervals. Rather cool.

Lighting up: London 21.33, Manchester 21.51, Glasgow 22.12, Belfast 22.12.

BUSINESS CENTRES

Amsterdm.	C	17	63	Luxmbrg.	F	20	68
Athens	S	32	90	Madrid	S	31	88
Bahrain	S	38	100	Manchstr.	C	16	61
Barcelona	C	25	77	Melbourne	C	15	59
Beirut	S	28	82	Mexico C.	S	19	67
Belfast	R	16	61	Milan	S	29	84
Belgrade	F	25	77	Montreal	S	24	75
Berlin	S	22	72	Moscow	F	21	70
Brmnghm.	C	17	63	Munich	C	21	70
Bristol	C	18	64	Newcastle	C	17	63
Brussels	C	20	68	New York	C	28	82
Budapest	F	24	75	Oslo	C	19	66
B. Aires	C	8	46	Paris	S	22	72
Cairo	S	36	96	Perth	C	16	61
Cardiff	C	16	61	Prague	F	23	73
Cologne	F	22	72	Reykjavik	F	11	52
Copenhagn.	C	20	68	Rio de J'o	S	21	71
Dublin	C	17	63	Rome	S	30	86
Edinb'rgh	C	16	61	Singapore	C	29	84
Frankfurt	S	22	72	Stockholm	Th	21	70
Geneva	F	23	73	Strasbourg	F	23	73
Glasgow	C	15	59	Sydney	H	16	61
Helsinki	S	24	75	Tel Aviv	S	29	84
H. Kong	C	26	80	Tokyo	C	28	82
Jo'burg	S	19	66	Toronto	S	23	73
Lisbon	S	24	75	Vienna	S	23	73
London	F	21	70	Zurich	F	21	70

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	S	26	79	Jersey	S	19	66
Algiers	S	33	91	Las Plms.	S	22	72
Biarritz	F	24	75	Locarno	S	25	77
Blackpool	R	16	61	Majorca	S	31	88
Bordeaux	S	25	77	Malaga	S	26	79
Boulogne	C	16	61	Malta	S	29	84
Casablnca.	F	24	75	Nairobi	S	21	71
Cape Tn.	C	14	57	Naples	F	27	81
Corfu	S	28	82	Nassau	S	30	86
Dubrovnik	S	28	82	Nice	S	27	81
Faro	S	27	81	Nicosia	S	29	84
Florence	F	31	88	Oporto	C	19	66
Funchal	F	24	75	Rhodes	S	31	88
Gibraltar	S	21	70	Salzburg	F	22	72
Guernsey	C	16	61	Tangier	F	24	75
Innsbruck	C	22	72	Tenerife	S	26	79
Inverness	F	16	61	Tunis	S	33	91
I. of Man	C	15	59	Valencia	F	29	84
Istanbul	F	30	86	Venice	S	29	84

S—Sunny. F—Fair. C—Cloudy. H—Haze. R—Rain. Th—Thunderstorm.

UN SINAI FORCE MANDATE RUNS OUT TO-DAY

Sadat still undecided

BY MICHAEL TINGAY — CAIRO, July 2

WITH ONLY one day remaining before the expiry of the United Nations Emergency Force mandate in Sinai, President Sadat to-night postponed an defiynite response to a UN Security Council appeal that the force should be allowed to stay.

Keeping his audience on tenterhooks until the very end of a two-hour speech, President Sadat *only then made mention* of the UN appeal and declared he would study all aspects of the situation before reaching a decision. He would say more about it "when we meet later with the national security council."

Last week, Egyptian Foreign Minister Ismail Fahmy sent a letter to the UN Security Council stating that Egypt would not renew the mandate unless Israel ceases its "prevarications" and its attempts to prolong a state of "no peace, no war."

The Security Council's appeal *for* this decision to be reversed was received in Cairo at dawn to-day. While President Sadat did *not* indicate how long he *would take to reach a decision*, were the national security council to discuss the matter tomorrow there would still be time for President Sadat to bow to the UN plea for a change of heart, and another mandate issued.

The chances are now high that the UNEF buffer force will be in place after its expiry. It *would certainly* take more than a day for the removal of men and their equipment from the Sinai buffer zone, as a UN source recently confirmed.

In the Middle East the U.N. *Emergency Force operates on a* new concept, being mandated directly by the Security Council. Not only can UNEF not remain in place without a mandate, it also will not leave without a direct order from New York, *observers believe.*

Addressing the newly-elected National Congress on the 23rd anniversary of the Egyptian revolution, Mr. Sadat reiterated the view expressed in Egypt's letter to the Security Council, declaring "We feel the Security Council mission is not restricted to the idea of relaxing tension but that it should do all possible for the implementation of Resolutions 338 and 339."

The Egyptian viewpoint is that *Israel is* trying to turn the temporary station of UNEF in the present buffer zone into a semi-permanent force to consolidate the occupation of Egyptian territory. It is this point and the appeal by the Security Council which will primarily be discussed at the meeting of the national security council.

Our United Nations Correspondent writes: President Sadat's postponement of a final decision on the Sinai mandate dismayed many members of the UN Security Council to-night. Most of them had been optimistic earlier that the appeal transmitted to him last night to reconsider Egypt's attitude towards the force would receive a positive response.

The U.S. delegation, in particular, had appeared confident of a satisfactory outcome. U.S. Press, radio and TV reports today reflected the U.S. official view that the council's appeal had actually "saved face" for Egypt, which was presumed not to want to see the UN force withdrawn.

It was still felt in UN circles to-night that a way would be found to keep the UN force on duty in the Sinai, but some diplomats said they would not be surprised *if* Mr. Sadat waited until the very last minute or later before making any concessions.

Rank Xerox sees no job cuts

RANK XEROX hopes to avoid redundancies among the 200 employees of its Data Systems company in Wembley, in spite of its withdrawal—and that of Xerox Corporation—from the computer mainframe business, the company *said yesterday.*

Xerox, which supplies Rank Xerox with computers from a factory in California, now considers that its operations—which are in small and medium-sized scientific machines—could not be made profitable until the 1980s, rather than 1976, as was suggested only several months ago.

The Rank Organisation, which with Xerox Corporation is joint owner of *Rank* Xerox, postponed its interim report until after Monday night's computer withdrawal announcement. The results show a fall of almost £2m. in pre-tax profits to £29.19m. for the half year to May 10.

Rank's "A" shares closed 6p down yesterday at 137p on the news, and on Wall Street Xerox Corporation's stock fell sharply following the computer *news and a downward revision* of its profit forecast for 1975 to "a modest decline."

Rank results Page 19
A strategic withdrawal Page 20

Leyland may sell Authi for £9m.

By Roger Matthews in Madrid and Terry Dodsworth in London

BRITISH LEYLAND is expected to receive about £9m. for the sale of two factories at Authi, its loss-making Spanish subsidiary, to the Government-backed SEAT group.

The deal, described as imminent, would rid the company of part of its major headache *over the last year*, and can be offset against the £29.3m. provision Leyland made in its half-yearly accounts for closing-down costs in Spain. This provision was the major item in its half-yearly losses of £42.9m.

SEAT is 37½ per cent. owned by the Government-controlled National Institute of Industry, and 37½ per cent. owned by Fiat, which has recently shown signs of wanting to increase its control over the company.

However, the Spanish Government, anxious about employment prospects, appears to have been the major force behind the planned deal. SEAT itself has had a poor sales record recently, with its share of the market dropping below 50 per cent. for the first time.

Converted

The two factories which are being sold are the assembly plant at Pamplona (about £8m.), which employs 1,700, and the light pressings plant at Sampedor, near Barcelona (£1.2m.), which has a workforce of 300.

Both of these plants can be more readily converted than the third and largest factory at Corrales, which employs 2,000 making engines in the North of Spain where alternative work prospects are bleak.

It is widely believed that the Spanish Government originally pressed British Leyland to conclude a package deal for the three factories. But the engine plant has proved more difficult to sell and talks are continuing with a variety of interested companies.

While this is sorted out, Authi remains in a state of semi-liquidation, with its workers receiving considerable Government assistance.

British Leyland was forced to try to find alternative buyers for Austin's, and *eventually* to put it into liquidation, when General Motors backed out of the deal to buy the company for £27.5m.

300 lose jobs at Laing rig yard

SOME 300 hourly-paid workers at Laing Offshore, the North East's leading oil rig construction yard, have accepted voluntary redundancy terms. Shortage of order has made the cut necessary.

Negotiations are continuing between representatives of the four major unions at the Hartlepool yard and the company on a scheme for voluntary redundancies among monthly-paid staff.

The redundancies so far mean that the company has almost reached its target of 400 redundancies more than a month ahead of schedule. The workforce is now down to 1,250.

EEC accepts 'green pound' devaluation

BY ROBIN REEVES — BRUSSELS, July 22.

THE Common Market Council of Agricultural Ministers this evening agreed to a "devaluation of the green pound" of 5 per cent. This will pump an extra £100m. into U.K. farm incomes over the coming year at the cost of a 1 per cent. rise in the retail food prices *index, according to Ministry* of Agriculture officials.

The 5 per cent. devaluation, which has the practical effect of raising EEC farm prices expressed in sterling by the same percentage and cutting the Community subsidies on U.K. food imports, will take effect on all commodities covered by the Common Agricultural Policy on August 4.

Commenting on the decision, Mr. Fred Peart, the U.K. Minister of Agriculture, said the devaluation was needed to put more resources into British agriculture and represented a fair balance between the interests of producer and consumer.

"I think this is a good start to expansion," he declared, referring to the Government's recent agricultural White Paper calling for more milk, sugar *beet*, cereals and beef *from* domestic farms.

Producers of all these commodities should benefit, although the most direct effect will be felt on the guaranteed milk price, which Mr. Peart said the Government intended to lift by over 2p a gallon in September.

For the shopping basket, the devaluation means an increase in the retail price of milk of 1p a pint, although the exact timing of the rise has still to be decided by *Mrs. Shirley Williams*, Minister for Consumer Protection.

Butter and cheese prices will also edge higher over the coming weeks, and bacon may become dearer too.

The impact on cereal-based products in the shops will not be easy to measure set against price movements due to normal market forces. The price of sugar is coming down in any case, after the recent shortage, so the effect here should not be noticeable.

The green pound is the exchange rate between sterling and the EEC's notional currency, the unit of account, for agricultural purposes. The new rate is being provisionally calculated at one unit equals 53.66p compared with the present rate of one unit equals 51p.

An earlier plan not to apply the move to beef until January 1 next year was eventually dropped. Instead, it was planned to alter the coefficients governing the intervention price levels for different cuts of meat so as *to try to discourage farmers* from adding unnecessarily to the Common Market's beef "mountain."

Mr. Peart now plans a steeply rising target or guaranteed price for beef cattle from the present level of £21.90 a live cwt. to something probably near £26.00 a cwt. by next February. This will be aimed at encouraging producers to over-winter their cattle on the farms rather than dispose of them during the usual beef marketing period in the Autumn, when the grass stops growing.

Mr. Fred Peart, the U.K. Minister of Agriculture, asked the Council of Ministers to agree to the green pound devaluation *after persuading his Cabinet* colleagues that it was unreasonable to expect British farmers to continue living with farm prices which, because of the decline in sterling, are now 18-19 per cent., in real terms, below those ruling on the Continent. But with 13 per cent. competitive disadvantage still remaining, farmers will be far from satisfied.

"Green currencies" arise from the Common Market's arrangements to maintain a unified market in EEC farm products in the face of fluctuating currencies.

Britain has mainly benefited from the system through EEC subsidies on its food imports which, in the first six months of this year, were worth a total of £80m. out of the Common Farm Fund. Recently, because of the further erosion of sterling, subsidies have been running at the rate of £15 a month. Following the green pound devaluation, they will now go down to £10m.

Continued from Page 1

Steel losses mount

However, the BSC pushed capital expenditure last year to a record £311m. (compared with £187m. in the previous 12 months). This reflected the gathering momentum of expenditure on development schemes already approved and the corporation's continuing efforts to press ahead in spite of the Government closure *review.*

Sir Monty said that the cost-cutting programme agreed with the unions in May after the corporation's plans for 22,000 redundancies were shelved following Government intervention, was not giving the financial economies expected by either the unions or management.

Other measures would have to be taken in consultation with the unions, because the gap between *what was hoped for and what* had actually been achieved was "considerable."

Sir Monty commented: "One of our fixed assets is the number of people we employ. Fixed assets which are not paying their way have to be modified in some way or another."

Productivity in the corporation was still "abysmal," according to the chairman. There were also 272 strikes last financial year of which only three were official. Steps were being taken to improve the poor industrial relations record within the corporation, but *the record had not* improved this year, although strikes had not had the same effect on actual steel output.

Last year strikes cost 1m. tonnes which would have brought additional profit of £40m., said Sir Monty.

From last year's profit the corporation is to pay a dividend of £7.1m. on the public dividend capital against £15.9m. in the previous 12 months. There was *also last year* a net capital repayment to the Exchequer of £33m. because most of the capital requirements were covered by borrowing overseas. This year the BSC has European loans of £100m. in the pipeline.

THE LEX COLUMN

More provisions by NatWest

There has been nervousness about short-term interest rates for some days now, following the U.S. upturn. But yesterday afternoon, the discount houses *suddenly started* to act in a way to suggest that a significant upturn is imminent. The Bank's reaction to the heavy shortage of credit on Friday after the massive subscription to the new long gilt issue had been neutral: yesterday it appeared to have decided to exploit the credit shortage to push rates higher. In itself, this does not upset the reasoning behind the rally in long gilts. But those discount houses which had staged the recent issue appeared as heavy sellers, upsetting hopes for a smooth redistribution of that stock.

Index fell 2.3 to 294.3

NatWest

With £53.3m. pre-tax (after the £1.8m. allocation to profit-sharing) National Westminster has come £5m.-£10m. below most analysts' forecasts for January-June but the shares were unchanged on the day at 210p. The disappointment lies in the unexpectedly high level of additional provisions against advances this time at £18m., of which £8m. relates to the already published Lombard North Central property lending losses. Much of the extra £10m. appears to reflect interest accruals on property loans which other banks might deduct before arriving at a trading surplus. On the other hand, higher pension provisions are *now all charged against trading*, and to that extent the £71.5m. trading surplus — against £63.2m. in July-December 1974 —may be better than it looks.

In the second half NatWest *has to cope with a 22½ per cent.* rise in the salary bill, and volume is likely to stay sluggish. But with wholesale money now under 20 per cent. of deposits gross margins have been widening and provisions ought, at last, to be much less of a problem. The year's outturn could be in the area of £105m. pre-tax, against £120m. Meanwhile NatWest will continue to pay the maximum dividend increase, and a prospective yield of 6.4 per cent. provides solid support.

See also Page 19

BP

BP and Sohio have now raised over four-fifths of the $3.8bn. which they currently expect to *spend on the Trans Alaska Pipeline System*, and BP's formidable financing requirements over the next few years appear to be just about sewn up. The two companies were originally thinking of placing roughly $1½bn. of 18 and 23 year notes privately in the U.S.: in the event they got away with $1¾bn. without having to make any concessions on the coupon—a fixed 10¼ per cent.

BP has also arranged $350m. of credit arrangements with commercial banks for pipeline finance, and for the first time is entering the commercial paper market, which at present offers 1¼ to 2 point interest rate advantage over the bank lines. In addition, the availability of money in New York has tempted the group into a $150m. public debt offering for general investment outside the Sterling area.

The pipeline borrowings will appear on BP's balance-sheet, and stand to increase its gross borrowings *by over a third.* But the money from the private placing will come in over a period of 18 months rather than in one lump. At the end of May, debt represented about a third of capital employed—*in* line with the year-end figure—and the proportion should not rise much over two-fifths during the next couple of years. Liquid resources are slightly higher than December's £947m., so these ratios look very acceptable ahead of the Alaskan and North Sea pay-offs.

Finally, the group is playing Ninian very close to its chest. But its 140m. barrels of proven reserves (against December's estimate of 200m.) seem to tie in with the *low end of recent* estimates.

Rank Organisation

Xerox Corporation, at least, is facing up to some harsh truths, but the delayed half-time statement from Rank Organisation reveals no new initiatives to counter the generally deteriorating trends. *As expected*, Rank Xerox is slowing down, and faces unspecified provisions on the computer side; Rank's share of first-half pre-tax profits at RX is up just 2 per cent., and the *full year will show only* "marginal" growth despite the decline in sterling. Given the recession in Europe and launch expenses for the 9200, the momentum may not be regained by RX for some time yet. Meanwhile Rank's non-Xerox activities slipped into overall losses of £2.2m. pre-tax in the first 28 weeks, and although Butlin's should contribute maintained earnings in the current half of over £5m. pretax, and the offer for sale proceeds should be worth around £1.5m. in interest saving, it looks unlikely at this stage that there will be a positive non-Xerox contribution for the full year.

The cash flow picture is still heavily unfavourable. Capital *commitments of £52m.* last October rose to £60m. by April 1 and were still at that level on May 10, and though Rank has financial facilities "somewhat in excess" of £60m. *it will have to bear in mind its* already high level of gearing and the demands of working capital. Disposals during the half-year appear only to have amounted to £2.4m. The "A" shares fell 6p to 137p yesterday, continuing the trend of relative weakness.

See also Page 19

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